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WORLD NEWS

Bush urges full review of Nato strategy

PRESIDENT George Bush, proposing a significant change in the number and role of conventional forces, said a minimum level of US nuclear forces should be retained in Europe as a deterrent.

Following his abandonment on Thursday of the updating of short-range nuclear missiles in Europe, the President called for a full review of Nato strategy. He said that if the Soviet withdrawal from Eastern Europe continues, Nato should plan for "a different kind of military presence."

Bomb attack thwarted

An attempted bombing of a British military barracks in Hanover was foiled on Thursday night when three men were disturbed by a guard but escaped after firing shots.

Hanover police said two bombs, weighing 20kg and 25kg, were discovered at the Langenhagen base. An army spokesman said the bombs' likely target had been an accommodation block.

S African priest killed

A 60-year-old priest was killed in a gun attack in South Africa's Natal Province. Rev Victor Africander, chairman of the Pietermaritzburg Council of Churches, a multi-denominational group affiliated to the United Democratic Front, was shot near the provincial capital.

Iran looks to the West

Iran and its supporters in Lebanon want the West to push for the release of Moslems held by Israel before any further hostages are freed.

Brooks gives assurance

Northern Ireland Secretary Peter Brooke said last night he was prepared to examine any proposal to replace the Anglo-Irish Agreement which may be put forward by James Moynihan and the Rev Ian Paisley. The assurance came in a letter to the two Unionist leaders. The Unionists had told him they could have no further discussions on the province's political future until he made that declaration.

Violence at HK camp

One thousand Hong Kong police officers firing tear gas raided the Whitehead detention camp for Vietnamese boat people and arrested 180 inmates. Several hundred detainees erected barricades and two police officers were injured in attacks.

EC to ease visa rules

The European Community is expected on Monday to agree to lift visa requirements for East German citizens in recognition of that country's impending incorporation into the Community.

Chamorro meets rebels

Nicaraguan President Violeta Chamorro met Contra leaders to negotiate security guarantees the rebels say they need before laying down their arms. The Contras were to begin handing over their weapons to UN forces on April 25.

Statue to stay in UK

Nicholas Ridley, the Trade and Industry Secretary, announced that he has refused to grant an export license for the classical statue 'The Three Graces'.

Anglo-French agreement

Britain and France are to step up their military and security co-operation, including nuclear defence, the heads of government announced after a summit meeting.

Mexican train crashes

At least 40 passengers were killed and more than 30 injured when a train was derailed near Oaxaca in southern Mexico late on Thursday night.

No FT on Monday

The Financial Times will not be published this Monday, May 7, the May Bank Holiday.

BUSINESS SUMMARY

German union wins 35-hour week for 4m

IG Metall, West German engineering union, has won a 35-hour week for 4m workers in the metal and electrical industries after more than a decade of campaigning and set a target for union negotiators throughout the industrialised world.

SIB COLLAPSE

The Isle of Man Government has agreed to the publication of two secret reports into the 1982 collapse of the Savings and Investment Bank with 32m belonging to more than 3,000 depositors.

SAATCHI & SAATCHI

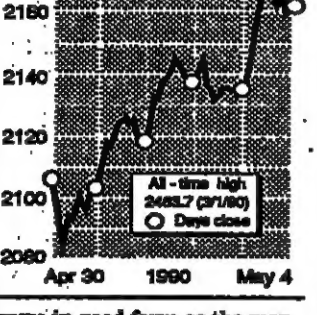
Chief executive Robert Louis-Dreyfus dismissed two directors who had held out against his plans to restructure the communications group.

OIL PRICES

Saudi Arabia's oil minister Hisham Nazer issued instructions for an immediate cut in Saudi oil production in an attempt to reassure the markets.

FT-SE 100 SHARE INDEX

UK stocks gave a favourable reception to the local council results. Privatisation stocks



were in good form as the market upgraded its views on the Government's re-election prospects. The index closed up 27.3 at 2,162.2. London stocks, Page 12; Law, Page 25

PETROFINA

Albert Frère, one of Belgium's most powerful businessmen, has fulfilled his ambition of being named chairman of the oil giant.

US UNEMPLOYMENT

rose by 0.3 per cent in April and total payroll employment would have fallen but for the hiring of 80,000 workers to help with the US census. On Wall Street, bonds jumped a full point on the news, as fears of a tighter monetary policy were banished.

STEEL PRODUCTION

in the industrialised world continued to decline in the first quarter, said the OECD. The drop was due to a fall in consumption, which is likely to shrink by between 2 per cent and 3 per cent this year.

KLORCHNER-WERKE

West German steel and engineering group, plans to raise DM540m (US\$34m) through a one-for-two rights issue to bring its capital up to the level of other companies in its sector.

UK NEW CAR SALES

dropped by 12.7 per cent in April and commercial vehicle sales plunged by 20.2 per cent in the steepest monthly falls of the current recession in the new vehicle markets.

LONDON UNDERGROUND

A 9.3 per cent pay offer was rejected by the National Union of Railwaysmen, kindling fears of a repeat of last summer's transport strikes.

BREXTEL

Burham Lambert, US investment firm forced into liquidation by \$550m in penalties arising from its junk bond operations, said it was under investigation by the New York Stock Exchange which was considering levying a fine.

WILLIAM COOK

The Sheffield steel castings group's acquisition of Lloyds (Burton) from Triplex Lloyd, the industrial engineering holding company, has been referred to the Monopolies Commission for investigation.

Latvian parliament declares independence

LATVIA yesterday declared itself "an independent democratic republic," dashing President Mikhail Gorbachev's hopes that his tough stance on Lithuania would persuade the other two Baltic republics to slow their plans to break away, writes John Parker in Moscow.

A vote of 138 to nil in the Latvian Supreme Soviet placed the republic alongside Lithuania and Estonia in declaring independence, demanding recognition from Moscow and rejecting Mr Gorbachev's proffered secession law.

The Latvian President, Mr Anatoly Gorbunovs, warned that the road to independence would be hard and that Latvia should not count on outside support. "We must show the world we are not endangering east-west dialogue," he told a press conference.

Mr Gorbunovs also announced plans to turn Latvia into a social democratic state akin to Sweden. The Latvians now have to wait for Mr Gorbachev to respond to their assertion of independence.

Adding to the pressures on the Soviet President is widespread anti-military sentiment across the country, and particularly in Latvia, which yesterday forced his Government to suspend conscription for a month.

Deputies from the pro-Moscow Communist Party walked out of the Latvian parliamentary debate on bloc yesterday before the vote was taken. The Popular Front of Latvia, which had won 131 seats at the recent local elections, nevertheless gained the support of seven independent deputies, mainly from the farmers' agrarian union, to achieve the necessary two-thirds majority by just five votes.

The parliament voted to restate four basic provisions of the pre-Soviet constitution of 1922. However, in an attempt not to alienate Moscow, with which it had been conducting separate negotiations on increasing its powers within the union, it said that all Soviet laws and parts of the criminal code that do not conflict with its restored constitution would remain in force.

Soviet army morale, Page 2

Tory election performance strengthens PM's position

By Our Political Staff

MRS Margaret Thatcher voiced her determination yesterday not to retreat from the controversial poll tax, as the Conservatives' performance in the local elections dispelled some of the speculation surrounding her grip on the party leadership.



Mrs Thatcher yesterday: Results showed community charge was beginning to work

The final results confirmed that Mr Neil Kinnock's remodelled Labour Party had recorded sweeping gains, winning about 300 seats and control of 11 councils.

He predicted that the party was on course to win the general election, due by mid-1992, "with a very handsome majority."

Mrs Thatcher, however, celebrated successes in the London boroughs of Wandsworth and Westminster, which had defied predictions that the Conservatives could be swept away by the unpopularity of the poll tax even in their flagship authorities.

UK financial markets were greatly relieved by the results, and rallied strongly. Traders had been led to expect much worse figures by opinion polls over the course of this week.

The pound ended the day up 1 1/2 cents stronger against the dollar, and more than a penny stronger against the D-Mark.

The gilt market, which has been in a downturn for most of the year, closed two points higher.

The Prime Minister said that the results in Wandsworth and Westminster - alongside Labour's unexpectedly poor performance in other parts of the capital - had vindicated the basic principles behind the community charge.

Speaking after talks at Waddesdon Manor, Buckinghamshire, with Mr Francois Mitterrand, the French President, she added that the Government

was now set to recover from the mid-term slump in its popularity.

She expected to be Prime Minister when the two countries' leaders opened the Channel tunnel in 1993.

As party strategists dissected the implications of the results, senior figures on both

sides were admitting privately that they appeared to have left wide open the contest for the next general election.

Mr Paddy Ashdown, the Liberal Democrats leader, could also claim that a better-than-expected showing by his party had left it as the only real third force.

Labour estimates that the results will leave them with about double the number of Continued on Page 22

Election aftermath, Page 4; Not everyone is ready for Labour, Page 6; Money Markets, Page 11; London Stocks, Page 12

Maps takes over as the London dwellers' guide to plain dialling

By Michael Skapinker

BEATTIE, mother of Melvyn and star of many more British Telecom commercials than her snooty friend Dolly, last night threw a switch heralding the start of a 27-hour light and fire-work display aimed at reminding Londoners and the world that when they wake up on Sunday morning the 01 code will be no more.

By midday on Sunday, Beattie, BT and many others may be throwing a fit. This is because, as many as 50,000 people a minute are expected to dial wrong numbers in spite of a year-long, £10m publicity campaign advertising the change.

At a minute past midnight tonight, London's 01 dialling code will disappear. It will be replaced by either 071 or 081. If you do not know that by now, BT managers implied yesterday, there is not much that they, Beattie, or the world's advertising industry can do for you.

Every subscriber in the UK has been sent a letter about the change. Every telephone

customer in London has been told what their new code will be.

Leaflets showing the new codes have been handed out on the London Underground. Pamphlets have been printed in English, five languages of the Indian sub-continent and Mandarin. Every pensioner in the country has been given, along with his or her pension cheque, a BT leaflet in large type.

The British public has been bombarded with dubious bill-board puns like "Don't let the 6 May creep up on you all of a Sutton."

Beattie, played in its television commercials by actress Maureen Lipman, has appeared on the small screen insisting that her new 081 code means she now lives in Greater London, not outer London. Dolly's 071 code means she is inner city.

However, BT divided up the capital, some would have been attracted. The company could have relied on the geographical division that London-

ers already regard as more significant than any other - north or south of the river.

That would not have taken account, however, of future expected growth in telephone demand. It is in the centre of London and docklands, the 071 area, that new numbers are needed.

Anyone dialling the wrong code on Sunday will hear a recorded message telling them the correct one. BT decided they should allow for 50,000 of these minutes after studying the experience of New York when it changed codes.

The foreign press have been marvellous, BT said. True to national stereotype, methodical Swiss and German newspapers printed the entire table of new codes.

British companies need to reprogramme automatic telephone and facsimile functions. True, too, to national stereotype, some have left it to the last minute. Incidentally, the telephone number of the Financial Times will change to 071 873 3000.

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MARKETS

STERLING New York lunchtime: \$1.669 London: \$1.68 (1.643) DM2.776 (2.7625) FF9.3125 (9.2875) SF2.3975 (2.39) Y22.75 (229.73) C index 87.9 (87.3)	DOLLAR New York lunchtime: DM1.6717 London: SF1.444 Y158.21 DM1.6715 (1.682) FF9.31 (9.341) SF1.445 (1.4545) Y158.35 (158.10) S index 88.0 (88.3) Tokyo market closed	STOCK INDICES FT-SE 100: 2,162.2 (+27.3) FT Ordinary: 1,086.8 (+20.2) FT-A All-Share: 1,087.95 (+1.1%) New York: DJ Ind. Av. 2,993.02 (-3.15) S&P Comp 336.19 (+0.82) Tokyo market closed
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US LUNCHTIME RATES
Fed Funds 8 1/4%
90-day Treasury Bill: 8.002%
Long Bond: 9.1%
yield: 8.908%

LONDON MONEY
3-month interbank: 15 1/2%
12-month: 15 1/2%
12-month gilt future: June 80 1/2 (78 1/2)

SELLING PRICE IN IRELAND 80p, IN MALTA 40c

CONTENTS

Britain's local elections	6	Appointments	13	Money Markets	11
Not everyone is ready for Labour	6	Base Rates	13	Overseas News	23
Editorial Comment	6	Commodities Prices	10	Recent Issues	11
Taxes and trillionaires	6	Companies UK	8	Share Information	19-21
Woman in the News	6	Economic Diary	8	Stock Markets	13
Jill Morrell	6	FT World Affairs	19	Wall Street	18,19
Sir Terence Conran	7	Foreign Exchanges	11	Bourses	18,19
Pilot of change from 'need' to 'want'	7	Gold Markets	10	SE Dealings	12
Greyhound	7	Int. Companies	10	General	3,4
Sore paws for America's highway hound	7	Leader Page	6	Employment	5
		Letters	7	Unit Trusts	14-17
		Lex	22	Weather	22
		London Options	8		

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OVERSEAS NEWS

US employment figures show economy weakening

By Anthony Harris in Washington

US unemployment rose by 0.2 per cent in April, and total payroll employment would have fallen but for the hiring of 80,000 workers to help with the US census. These signs of weakness completely contradicted the bullish impression left by recent order figures and industrial surveys, and on Wall Street bonds jumped a full point on the news, as fears of a tighter monetary policy were banished.

The markets pay the closest attention to the Federal Reserve's employment figures, which has been growing by over 200,000 a month, and forecast an increase of nearly 400,000 for last month. Inflation fears were further soothed by the news that weekly earnings rose only 0.3 per cent.

Market commentators

pointed out that the apparent strength of some other recent figures may have been deceptive: both orders and purchasing manager sentiment were recovering from sharp falls earlier in the year, but remain at quite a subdued level.

Official comments confirmed that the dynamism appears to have gone out of the US recovery, though the situation is not expected to get any worse. Labor Statistics Commissioner Janet Norwood said: "Taken together, the data for the past two months appear to paint a very weak employment picture, in which the number of jobs may have seemed to have plateaued. This weakness, however, follows especially strong growth in January and February because of the unusually good weather during

those months. That large growth early in the year probably overstated employment strength and may have contributed to the weaker data that we are now seeing."

Sectorally, the figures showed a continued shake-out in manufacturing, which has now shed 250,000 jobs in the last year, and a virtual standstill in private services, previously a strong growth sector. Construction shed 50,000 jobs, seasonally adjusted, but this was largely an illusion, reflecting the fact that the normal winter lay-offs were avoided this year, thanks to mild weather. The weakness of construction demand, reflected in housing permits and commercial development problems, has not yet appeared in the output or employment figures.

IMF faces wait of up to two years for increase in resources

By Peter Norman, Economics Correspondent, in Washington

A LONG-AWAITED increase in resources for the International Monetary Fund (IMF) will take between 15 months and two years to become effective even if all outstanding problems are settled at the Spring meetings of the IMF and World Bank in Washington.

Ministers and central bank governors from the Group of Seven leading industrial countries meet tomorrow with a proposal high on their agenda to raise the IMF's quotas, or membership subscriptions, by about 50 per cent. Their conclusions will influence the Monday meeting of the IMF's policy-making Executive Committee, in which the Fund membership is due to decide the resources question.

Intensive discussions in the IMF's executive board have left the ministers with four broad questions to resolve:
● the precise size of the quota increase;
● the pecking order of the Fund membership: Japan is due to move up to number two, while Britain and France are still at odds over whether they should occupy respectively the fourth and fifth positions in the IMF or joint fourth;
● the link between the quota rise and plans to reduce the \$4bn of arrears owed by 11

poor IMF members to the Fund;

● the financing of the arrears package. The ministers will have to decide how much IMF gold should be used to back up a special pool of money to help countries in arrears and how much the industrialised and developing country members of the IMF should contribute to the pool in a burden-sharing exercise.

The IMF ranking is regarded as an issue for Britain and France to solve. It is US insistence on a link between the arrears plan and the quota increase which could delay final ratification of the increase of IMF resources by the members of the Fund.

The arrears plan has been promoted vigorously by the US to make the quota increase palatable to Congress. Besides the creation of a special resource pool to help countries in arrears put their economies in order, it envisages a change in the IMF rules that would permit the suspension of persistently delinquent member countries in arrears.

The change in the rules would require approval by 85 per cent of the IMF membership, a process that would normally take until late 1991 at the earliest.

The Donald denies cash problems at the Taj

MR DONALD Trump, that quintessential symbol of the 1980s, was yesterday once again starring in the financial equivalent of America's favourite soap opera, *Alan Friedman* writes from New York.

The latest episode of *The Donald Trump Show* saw the embattled property developer and casino mogul denying that a cash crunch has caused him to delay \$30m (£18.2m) of payments in connection with his recently opened Taj Mahal casino in Atlantic City.

"It's ridiculous," complained the man who is now known universally in America as The Donald. His reaction to the delayed payment was to tell the press he was withholding payment ahead of an outside audit and because

the delay was simply good business practice.

He has denied he had any problems, repeating that he wanted some cash because "cash is king" and "cash is king".

The past few days have however proven increasingly rough in the US media. First, *Forbes* magazine notched The Donald's net worth down from \$1.7bn to just \$500m. And yesterday *Business Week* claimed that Mr Trump's organisation is not only saddled with \$30m of debts, but last year suffered a \$60m negative cash flow from continuing operations that generated slightly more than \$1bn of revenues.

To counter the charges, the flamboyant real estate mogul went on national television and denied everything.

Iran puts conditions on release of hostages

By Our Foreign Staff

THE IRANIAN Government reaffirmed yesterday that Iran and the supporters in Lebanon want the release of the hostages held by Israel before any further hostages are freed in Beirut.

Mr Ali Akbar Velayati, the Iranian Foreign Minister, said: "New it is the turn of the other side to show good will." He was referring to the recent release of two US hostages by kidnappers linked to the pro-Iranian Hezbollah movement. "We are waiting for practical steps."

Speaking at the end of a two-day visit to Finland, Mr Velayati said Britain and the US in particular should use their influence for the release of "Lebanese and Palestinian and Iranian hostages."

Israel has handed over Palestinian and Shia Muslim Lebanese prisoners. Three Iranians were kidnapped by Christian militiamen in Lebanon in 1982.

"What the Lebanese have asked us to do is to ask the western countries to reciprocate what they have done. In that case, the Lebanese Muslims will be persuaded to try more to get the release of other hostages," Mr Velayati said.

The US and Britain say they will not deal with kidnappers, while Israel is willing to negotiate if it can secure the return of its missing servicemen in Lebanon.

Mr Velayati said Iran was willing to hold talks with Britain if the British Government showed "respect for Islam and Muslims."

Mr Frank Reed, the American hostage freed on Monday, left West Germany for the US yesterday. Asked if the British Government should do more for its four hostages, he replied: "You bet they should be." A total of 15 westerners are still held hostage in Lebanon.

Mr Keenan's relatives want to enlist American support for the release of the hostages. The sisters of Mr Keenan, the kidnapped Belfast school teacher, are due in Washington today for talks with Mr Reed.

France and Britain to co-operate on defence

By Robert Mautner, Diplomatic Correspondent

BRITAIN and France yesterday formally agreed to step up their military and security co-operation, including nuclear defence.

Mrs Margaret Thatcher, the British Prime Minister, and President Francois Mitterrand of France said after a bilateral summit meeting that they had instructed their foreign and defence ministers to work out "an enhanced programme of co-operation" on defence matters.

"We have decided to co-ordinate our co-operation on all matters that relate to security in Europe. Nothing is precluded," Mr Mitterrand said.

The talks in a former Rothschild country mansion at Waddesdon, a village in Buckinghamshire, were also attended by the British and French foreign and defence ministers.

Although the two leaders declined to go into details about future defence co-operation, a statement issued after the meeting said the brief given to their foreign and defence ministers covered equipment procurement, weapons and radar systems, exchanges of personnel, joint exercises and "certain nuclear programmes".

Both President Mitterrand and Mrs Thatcher endorsed yesterday's announcement by US President George Bush not



President Mitterrand: "We just decided to change the subject."

to go ahead with the modernisation of short-range nuclear weapons in Europe.

Mr Mitterrand merely said that he had no difficulties with the decision. However, Mrs Thatcher, previously a strong supporter of modernisation, stressed that Mr Bush's decision would make it necessary to put more emphasis on air-launched weapons, such as free-fall nuclear bombs.

The British and French leaders failed to settle their fundamental differences over European political union, which were highlighted at the European Community's summit in Dublin last weekend, though they appeared to have gone a little way to bridging the gap between them.

Mrs Thatcher said they both agreed that the powers of the EC's Council of Ministers, as the Community's main decision-making body, should be enhanced. The French President, while not disagreeing with this assertion, indicated that there were nevertheless "very real" differences between them on other aspects of political union.

Mrs Thatcher announced that she would meet Mrs Kazimiera Prunskiene, the Lithuanian Prime Minister, who has just had talks with President Bush, in London shortly.

Saudi Arabia to cut oil output by 430,000 bpd

Mr Hisham Nazer, the Saudi Arabian oil minister, yesterday issued instructions for an immediate Saudi cut in oil production in a bid to reassure the markets, writes David Thomas, Resources Editor in London.

The markets were unimpressed by the agreement on Thursday of the Organisation of Petroleum Exporting Countries to cut output by 1.445m barrels a day from April output levels of 23.5m b/d.

"I do not understand the negative reaction of the market," Mr Nazer said, adding that he had already given instructions for the Saudi share of the cut - 430,000 b/d.

However, the markets continued to show disappointment at the size of the cuts. Brent oil for June delivery was down 36 cents at \$18.40 by early evening.

Open skies pact delayed

Nato and Warsaw Pact countries yesterday acknowledged that they would not meet their target of signing an "Open Skies" accord on mutual aerial surveillance next week, Reuters reports from Budapest.

The 23 countries of the two military alliances had hoped to have a treaty ready for signing by their foreign ministers on May 12 - one year after President George Bush had challenged the Soviet Union to open its airspace. The conference will now adjourn on May 10 without an agreement in place.

Mr John Noble, head of the Canadian delegation, said the treaty was being blocked by Soviet insistence that it extend to the military bases of signatories in non-signatory countries - to US bases in Japan, for example.

Hungary goes into recession

The Hungarian economy moved into sharp recession in the first quarter of 1990 as the effects of the collapse of exports to the Soviet Union began to be felt and the government's tight monetary policy continued to constrain investment, writes Nicholas Denton in Bucharest.

Industrial production of state-owned enterprises between January and March was 9.7 per cent down on a year earlier, according to Mr Henrik Aouth, Deputy Minister of Industry.

Turkish communists released

Two Turkish communist leaders were released yesterday after two-and-a-half years in detention awaiting trial, writes Jim Rodgers from Ankara. The surprise release comes at a time when the Government is considering modifying or lifting its legal ban on communist and religious parties.

Mr Hicmet Kurbanoglu and Mr Nihat Sargin were arrested on their return to Turkey to contest the 1987 general elections.

French output up 3.2%

France's seasonally adjusted index of industrial production fell 0.1 per cent in the fourth quarter of 1989 from the previous quarter but rose 3.2 per cent up from a year earlier, according to the National Statistics Institute, AP-DJ reports from Paris.

The latest quarterly decline followed a revised 0.6 per cent advance in the third quarter.

The year-on-year growth rate of 3.2 per cent for the fourth quarter is below market estimates. These had suggested that industrial output was rising at a year-on-year rate of 4.6 per cent in recent months. The year-on-year growth rate for the third quarter was 4 per cent.

Canton military changes

China has made key changes to the command of the Canton Military Region which includes Guangdong, the province least subservient to Peking's post-Tiananmen hard-line policies, writes Cathina Macdonald.

Zhang Wenzhan, the commander of the region, has been moved to the Jinan Military Region, to be replaced by Zhu Dunfa, commander of the Shanxi Military Region in China's northeast, according to the official left-wing Hong Kong paper, *Ta Kung Pao*. The Canton command has been further diluted by the import of officers from other regions.

Chen Yun, China's leading octogenarian hardline economist and member of Li Peng, the premier, is reported to be dying. In China's present state of political tension, a death among key elder statesmen could trigger further disturbances.

Split over ADB funds

The Asian Development Bank ended its 23rd annual meeting yesterday with the US States and other Western countries split over replenishing the bank's soft loan fund for the region's poorest countries, AP reports from New Delhi.

The bank has estimated that the fund will be exhausted by the middle of next year, although US delegates claim that there are sufficient funds to last for another two years.

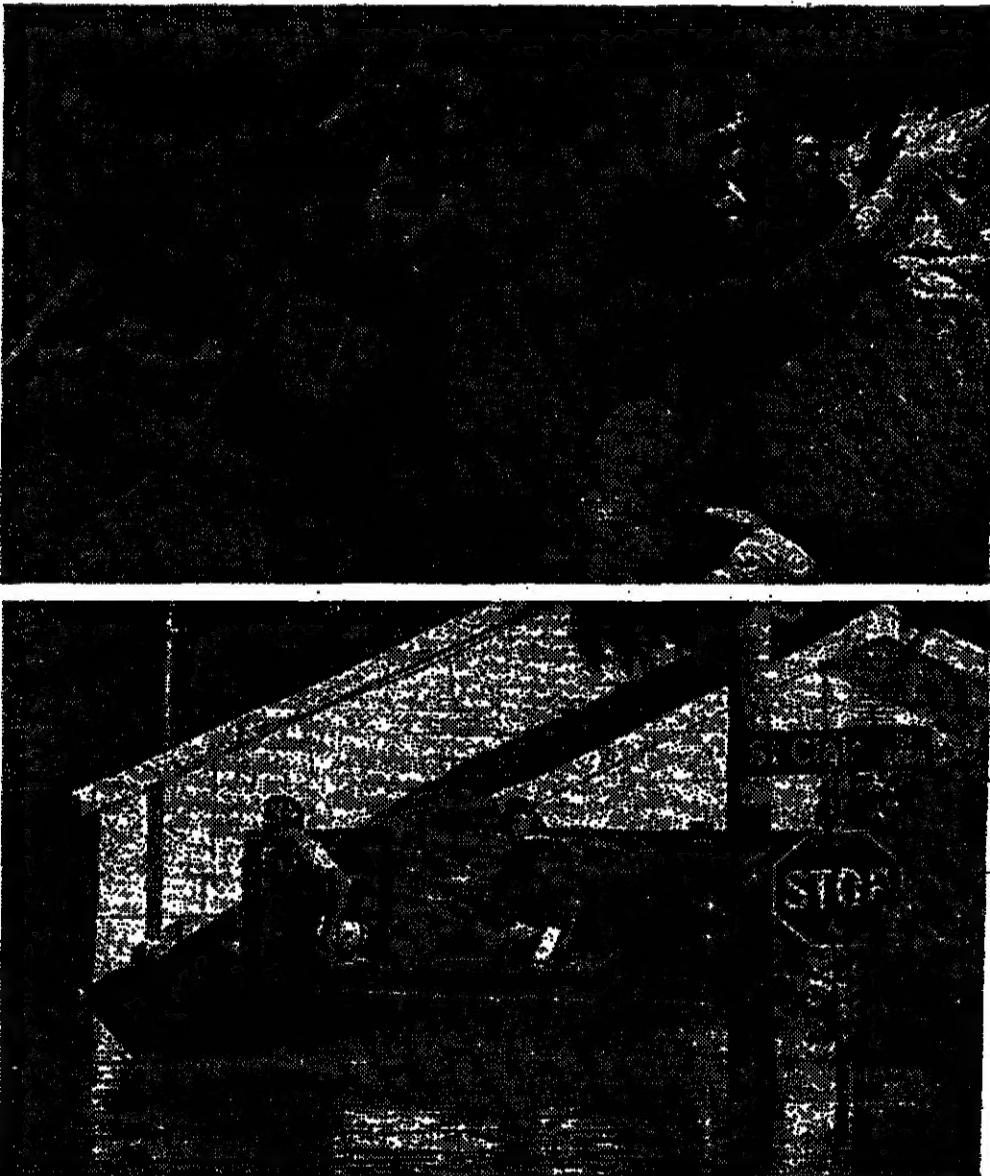
Dresdner opens up in Warsaw

The Dresdner Bank yesterday became the first West German bank to open an office in Warsaw, writes Christopher Bohndel.

The Polish authorities have so far issued licences to eight Western banks. Four are from West Germany, two from France, one is Austrian and one Italian.

Secret report on Bofors

The Swedish Government yesterday said that it might pass to India classified parts of a report about charges that arms maker AB Bofors bribed Indian officials to secure a 1985 artillery contract, Reuters reports from Stockholm.



Americans cope with the weather: Top, people in Bismarck, North Dakota, pray for rain to end a two-year drought. Below, officials in a hovercraft search the flooded Rochester Park area of Dallas, Texas.

Drexel may face \$25m NY exchange fine

By Frederick Oram in New York

DREXEL Burnham Lambert, the Wall Street investment firm forced into liquidation by \$550m in penalties arising from its junk bond operations, said yesterday that the New York Stock Exchange was investigating it and considering levying a fine.

Some of the few remaining Drexel executives and former employees have been called before the exchange to give evidence about its operations. Sanctions could be applied against both the company and individuals, particularly its senior executives.

Drexel would not confirm reports that the exchange was considering a \$25m fine, by far the largest ever imposed on a securities firm. By comparison, E.F. Hutton, now part of Shearson Lehman Hutton, was fined \$400,000 in 1985 for a bogus cheque-writing scheme.

Responding angrily to suggestions that its compliance procedures were inadequate, Drexel said: "We understand the stock exchange's need to protect an image of being a strong self-regulator. However, that should be balanced with a sense of fairness in evaluating the company's and management's behaviour."

Draft-dodging highlights problem of Soviet army morale

By John Parker in Moscow and Quentin Peel in Brussels

THE Soviet Government yesterday took the unprecedented step of suspending the regular spring call-up to the army for a month.

The move is recognition of the fact that the authorities have been unable to stem widespread draft-dodging in a number of non-Russian republics.

According to yesterday's *Komsomolskaya Pravda*, the Communist youth newspaper, the army is "on the brink of a cauldron". The newspaper said the number of draft dodgers last year was six times higher than in 1988, and it added: "The conscription law has become totally obsolete."

All Soviet men over 18 are obliged to serve in the army for two years. But responsibility for implementing the conscription law lies with local authorities, many of whom are under the control of nationalists sympathetic to draft-dodgers. The Baltic republics and Georgia have passed laws allowing alternatives to conscription. The Armenian parliament voted this week to suspend the spring draft indefinitely.

Meanwhile, the first top-level Soviet reaction to reports of a possible coup attempt in late February against President Mikhail Gorbachev came yesterday from Mr Alexander Yakovlev, one of Mr Gorbachev's closest allies.

He said the reports that the army had tried to put pressure on Mr Gorbachev to slow down

perestroika "had no basis... There were no army movements and no demands on Gorbachev. We have no grounds whatever to suspect the army of malicious plotting against the country's leadership."

Mr Gorbachev has made some significant gestures to bolster morale in the Red Army in recent weeks, suggesting real concern at reports of growing military disaffection with his reforms.

However, there is no sufficient evidence that military officers have gone so far as to plan a coup against his leadership.

Reports from a senior Nato observer that between 3,000 and 3,000 military cadets were mobilised in Moscow on February 26 - the day of a big pro-democracy demonstration - are both plausible and explicable.

In the days leading up to that event, the Soviet leadership whipped up an extraordinary campaign of fear in the capital that the demonstration might turn into a confrontation and popular uprising. A barrage of official propaganda sought to dissuade people from attending for fear of bloodshed, while special appeals by a church leader, and special popular television shows, were broadcast to keep sympathisers at home.

Moscow's side streets were full of troop reinforcements, from not only the Interior Ministry but also the Red Army, in apparent fear that the demonstration would get out of hand.

The Interior Ministry troops policing the streets were in full riot gear, with helmets and shields.

The mobilisation of military cadets in their barracks around the city would have fitted that extraordinary over-reaction, as a measure taken just in case the demonstration got out of hand.

In the event, the demonstration by some 100,000 people at the most was entirely peaceful and even good-humoured, and the riot police swiftly disappeared.

Nonetheless, there is no doubt about military unhappiness, above all at the process of withdrawal of Soviet troops from eastern Europe. They are facing an almost total lack of decent accommodation back in the Soviet Union, on top of already poor wages and social facilities.

Mr Gorbachev has responded with some obvious concessions:
● he has promoted General Dmitry Yazov, the conservative Defence Minister, to the rank of Marshal;
● he has given the go-ahead for a full military parade next Wednesday to celebrate Victory Day, against all precedent;
● he has allowed the military to carry out blatant sabre-rattling manoeuvres in the Baltic republics, especially Lithuania, which have aggravated rather than calmed tension in the region.

However, he has studiously refused to allow any direct military intervention in Lithuania. Marshal Sergei Akhromyev, his former Chief of the General Staff, was publicly advocating it.

Some western observers suspect that Mr Gorbachev is actually taking gestures which actually herald further measures to curb military power in the system.

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Gullesstrasse 54, 6000 Frankfurt-am-Main 1). Telephone 069-75966; Fax 069-72277. Telex 416193 registered by E. Hugo, Frankfurt/Main, and as members of the Board of Directors, R.A.F. in spine of the *Financial Times*, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, No 100, published daily except Sundays and holidays. US subscription rates \$36.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia), Copenhagen 44, DK-1100 Copenhagen 2, Denmark. Telephone (33) 13 44 41. Fax (33) 93333.

Whether the new unofficial group will be more tolerant of economic reform is uncertain: there was little discussion of it at the meeting. Mr Lev Ryabov, the Deputy Prime Minister who attended the conference, put a brave face on it. "They weren't negative about everything," he said.

One thing that united almost all the members, however, was criticism of the communist party. Only 20 per cent of delegates were party members. The chairman of the political club of Gorky won loud applause for saying "the Communist Party cannot be considered the party of the working class." Banners in the hall said "the very idea of communism must perish once and for all."

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OVERSEAS NEWS

Decline in world steel use leads to fall in output

By William Dawkins in Paris

STEEL production in the industrialised world continued to decline in the first quarter, according to figures from the Organisation for Economic Co-operation and Development.

The drop was because of a fall in consumption, which is likely to shrink by between 2 per cent and 3 per cent this year, the OECD said.

Falling prices and increasing costs are eating into steel producers' profits in some areas, although the pain is unevenly spread across the OECD's 24 member countries, with Japan and the European Community showing more resilience than the rest.

OECD members' overall output reached 94.7m tonnes in the first three months of the year, 2.5 per cent less than the 97.1m tonnes produced in the first quarter of 1989.

The US market continues to suffer from falling car sales,

although its steel industry downturn has not yet become severe. US output fell from 22.4m tonnes to 22.2m tonnes between the first quarters of 1989 and this year.

Canadian steel demand is expected to drop by 10 per cent this year as a general weakening in the country's economy hastens a fall in steel orders from the construction and car industries.

The OECD forecasts that Scandinavian market conditions will also worsen, because of a decline in Finnish shipbuilding and construction and a general reduction in Swedish investment.

EC steel demand is relatively stable, with output down slightly at 22m tonnes in the first quarter, while Japanese output continued to rise, from 26.4m tonnes to 26.8m tonnes, reflecting increased private consumption and investment.

Karamanlis elected Greek president

By Kerin Hope in Athens

GREECE'S conservative elder statesman, Mr Constantine Karamanlis, 83, was elected president yesterday by parliament, winning 153 votes in the 300-member House.

Although the presidency is largely ceremonial, Mr Karamanlis' return to the post he occupied from 1980-85 is expected to give more stability to the new conservative Government, which has only a one-seat majority in parliament.

As prime minister, Mr Karamanlis was responsible for restoring democracy after the collapse of the 1967-74 military dictatorship regime and for taking Greece into the European Community in 1981.

He said that as president he would work "for the smooth operation of democratic institutions, the safeguarding of national unity and consolidation of a calm political life."

Mr Karamanlis, a forceful personality who has a strong following in the ruling New Democracy party, which he founded, is likely to play an active advisory role as head of state, despite his lack of executive authority.

The presidency was stripped of its powers when the former socialist government reformed the constitution five years ago, just before Mr Karamanlis' term was due to end. He resigned in protest and withdrew from public life.

However, he kept in close touch with prominent conservative politicians and issued occasional statements criticising the socialist style of government.

Earlier this year, he refused to run as New Democracy's presidential candidate, but changed his mind after the party returned to power in last month's general election.

Echoes of the past in German unity talks

As the two-plus-four meetings begin, David Marsh finds parallels with the failed negotiations of the 40s and 50s

FOREIGN ministers of the two German states and the four former Second World War allies, discussing German unification in Bonn today, are rather like actors finally taking the stage 45 years after the first rehearsal.

The themes on today's agenda bear a strong resemblance to those which dominated a series of conferences on Germany between the US, the Soviet Union, Britain and France in the late 1940s and 1950s.

The difference is that, with the Cold War over, today's talks are likely to lead to a settlement in the first four-power meeting on German unity with a reasonably constructive result.



Dulles (left), Eden and Molotov (right) at the Soviet embassy in East Berlin in 1954: 36 years on, the same arguments are being rehearsed

The Potsdam conference in August 1945 agreed to set up a council of the four powers to discuss the future of Germany. But the western allies split from the Soviet Union and the two German states gradually emerged from the eastern and western occupation zones, the prospect of a unified German government grew increasingly remote.

Six sessions of the council of foreign ministers took place between autumn 1945 and

spring 1949 - the latter convening on the day of the promulgation of the constitution of the separate West German state. The four foreign ministers talked in Paris on June 20, 1949, of their inability to agree on resolving the economic and political unity of Germany.

Speeches made when the four ministers next met in

Berlin in 1954 showed some striking parallels - as well as some striking contrasts - to phrases used in the very different conditions of today.

"Strong ties of blood, sentiment and interest link the Germans in East and West," said Mr Anthony Eden, the then British Foreign Secretary. "It would be a dangerous illusion to suppose that a

vigorous nation nearly 70m strong can remain divided indefinitely. So long as the Germans remain artificially divided, there can be no unity or stability in Europe."

Mr Georges Bidault, the French Foreign Minister, urged firm integration of Germany with the West. "The lessons of the past demand that we should avoid ever again

arriving at a state of affairs where a country in the centre of Europe can play off the East against the West."

Mr Vyacheslav Molotov, the Soviet Foreign Minister, charged that Germany's planned military association with the West was part of a vast American military plan...transforming western Germany into an armed camp for the preparation of a new war in Europe. Mr Molotov put forward several suggestions for withdrawing all foreign troops from Germany, which would become neutral within a "collective European security pact."

However Mr John Foster Dulles, the US Secretary of State, rejected Soviet conditions for German unity. Instead, he paid tribute to West Germany's ability to absorb Germany of up to 3,000 a day, "attracted by these better conditions in West Germany."

He warned: "Our problem consists, most of all, in finding a way to bring the great energy and the vitality of the German people." He recognised Soviet fears that the "new (European) community being born might be dangerous to it" but affirmed that Europe would be both "strong and peaceful" - two words which are likely to hang like banners over the unification conference today.

Pope's visit revives issue of Mexican anti-clericalism

By Richard Johns in Mexico City

THE visit by Pope John Paul II to Mexico, which begins tomorrow, has stirred up controversy about relations between the state and the Roman Catholic Church in the country.

Although this is being billed as an official meeting of heads of state, Mexico has not had diplomatic relations with the Holy See since 1857 when President Benito Juarez eliminated most ecclesiastical privileges and denied the Church the right to own any property.

This "non-relationship" abounds in contradictions which even left-wing politicians believe should be reconciled through continued dialogue.

The Roman Catholic Church can

hardly be ignored. In the 1980 census no fewer than 89.4 per cent of the population professed the religion. The proportion may have fallen with the rapid expansion of evangelical sects over the past decade, but most recent figures suggest 82 per cent.

The profoundly anti-clerical constitution of 1917, while guaranteeing freedom of belief, not only forbids the Church to own property but bars priests from voting, political activity and education below university level or even wearing clerical garb on the streets.

It also confines acts of public worship to "temples". Thus, the open air masses to be held by the Pope will in legal

terms be a violation of the constitution. Church spokesmen have stressed that the Pope's mission is essentially pastoral. But he may find it hard to avoid the question of Mexico's non-recognition of the Holy See. He will also confront worse social problems than on his last visit in 1979.

Five hundred priests sent a letter to the Pope telling him of the problem of increasing poverty and unequal distribution of wealth. Another sent by prominent laymen condemned "modernisation based on small islands of high development generated by foreign investment", an "archaic and under-developed political system which does not respect political suffrage", and

the daily violation of human rights. This administration, and previous ones, have held regular secret consultations with the apostolic delegate and other ecclesiastical leaders.

Nevertheless President Carlos Salinas de Gortari, whose wife comes from a Roman Catholic family, caused a stir at the end of 1988 by inviting to his inauguration a number of priests including Monsignor Jeronimo Prigione, the apostolic delegate. This was only months after the beatification of Miguel Agustín Pro, a priest executed for his alleged part in the assassination of President-elect Alvaro Obregón in 1928.

The Schengen countries agreed a week ago to abolish visas for East Germans, and are now talking of signing a far-reaching police co-operation pact this summer.

In the dying days of the Mordov government, just before the March 18 election, East Germany agreed with Turkey on the mutual abolition of visas. Scrapping this agreement was made a precondition to any visa concessions by the EC or the Schengen group, and the government of Mr Lothar de Maizière has now done that.

The EC is also due next week to sign trade and co-operation accords with Czechoslovakia, Bulgaria and East Germany, although this last deal will obviously last only until it joins West Germany as part of the EC.

UK NEWS

Car sales slide of nearly 13% surprises industry

By Kevin Done, Motor Industry Correspondent

SALES of new cars dropped by 12.7 per cent in April and commercial vehicle sales plunged by 20.3 per cent in the steepest monthly falls of the present recession in UK new-vehicle markets.

Car sales have fallen in six of the past seven months, but the severity of the decline in April has surprised the industry, which has forecast a fall of about 10 per cent for the full year after five years of record sales.

New-car sales in April totalled 156,913 compared with sales of 181,276 in the corresponding month last year.

In the first four months of this year, sales were 8.9 per

cent lower at 749,455, according to figures released yesterday by the Society of Motor Manufacturers and Traders.

Food, the UK market leader, is seeking to reclaim lost ground since the fall in its market share to 24.4 per cent in the first four months from 27.1 per cent a year ago.

The share of UK-built cars in the domestic market has also declined further, with imported cars claiming 57.6 per cent of UK new car sales in the first four months compared with 55.9 per cent a year ago.

Sales have fallen precipitately in the commercial vehicles market, with a decline

of 20.3 per cent in April to 26,799 from 33,593 a year ago.

The truck market 5.5 has been worst affected, with sales 25.8 per cent lower than a year ago in April.

Most UK truck makers, which are highly dependent on the domestic market, have been forced on to four and three-quarter working and are cutting their workforces.

DAF, the Dutch truck maker that took over Leyland's truck operations in 1987, this week warned that it will run up losses of £130m-£150m (£130m-£150m) in the first half of 1990 compared with record profits of £174.5m in the corresponding period a year ago.

Dounreay to resume foreign reprocessing

By David Thomas, Resources Editor

THE UK Atomic Energy Authority intends to resume reprocessing foreign nuclear fuel at its Dounreay plant in Caithness, a business it abandoned almost 20 years ago.

The authority's plans were condemned yesterday by Greenpeace, the international environmental group, which drew the conclusion that they confirmed Britain's status as the world's nuclear dump.

The authority trades as AEA Technology. Its intention is to concentrate on reprocessing radioactive materials from specialised research laboratories.

European with revolution's ideals

Raymond Snoddy on Robert Maxwell's foray on to the Continent

MR Robert Maxwell is the ideal reader of *The European*. He will begin to find out on Friday how many more there are like him.

Mr Maxwell is founder, publisher and editor-in-chief of *The European*, a long-delayed weekly international newspaper which will be launched next Friday. He is a central European by birth who says he speaks "at least" eight languages.

A short video sent to potential advertisers says nearly all there is to be said about *The European*.

The video shows Mr Maxwell in Paris during the celebrations of the bicentennial of the French Revolution last year.

"I dedicate *The European* to the ideals of the French Revolution," he says. "To the achievement of human rights everywhere by supporting the country of Europe as a home with many open doors and windows, a country to which everyone can belong from the Urals to the Atlantic."

It is a vision that is costing Mr Maxwell - or rather Mirror Group Newspapers - £25m alone for the launch period.

The video states that this will be the decade of Europe and points out that market research shows there are 50m English speakers throughout continental Europe.

Interviews follow with young Europeans invariably enthusiastic about the imminent arrival of *The European*. With the exception of Charlotte Rampling, the English actress,



Robert Maxwell: support for human rights everywhere

hair, in France; Frankfurt; and near Budapest.

Advertisers have been guaranteed a circulation of 225,000, including 150,000 in the UK. If sales reach 30,000 in a country where the paper is not printed, printing capacity will be set up there.

As well as extensive advertising, more than 60,000 people throughout Europe are being sent sample copies.

Mr Stewart Butterfield, European media director of McCann-Erickson, an advertising agency which has not yet advertised in *The European*, believes Mr Maxwell may find it more difficult to sell into the crowded British market than into continental Europe.

He believes, however, that a total circulation of 150,000 is not impossible and that advertisers could be interested if the right sort of people start to pick it up on their travels.

Mr Eric de Bellaigue, publishing analyst at stockbrokers Panmure Gordon, said yesterday: "The idea is an admirable one but I would suggest that the practical realities are against him."

Depending on its financial performance, *The European*, originally planned as a daily, could further delay the flotation of MGN.

At the end of last year Mr Maxwell said the flotation would be delayed until 1991 in order to carry out a management buy-out at The People, the weakest of the three MGN national newspapers.

THE GUINNESS TRIAL

Jury hears of 'scapegoat' fears

GUINNESS and its lawyers feared in December 1986 that "political pressures" might result in a Trade Department investigation into the company coming up with a "scapegoat" for the jury at Southwark Crown Court heard yesterday.

The "political pressures" had been referred to in a draft letter, which in the event was never sent, to Mr Michael Howard, minister for the Environment, from Mr Paul Channon, then Trade and Industry Secretary.

Mr Ian Taylor, a partner in Freshfields, Guinness's solicitors at the time, said the letter had reflected Guinness's concern about the way the DTI had been behaving.

He said Mr Ernest Saunders, then chairman and chief executive, had been very concerned about the impact on Guinness of the appointment of inspectors.

Mr Taylor said: "He felt it had been an over-hasty, almost cavalier, appointment at that time, and that the DTI was concerned about something they should have raised it with Guinness before appointing inspectors."

Mr Richard Ferguson, QC, for Mr Saunders, recalled that at that time the Government was being criticised for allegedly being "soft" on white-collar crime in the City.

Mr Taylor agreed, adding that it had been about the time of the insider dealing prosecution of Mr Geoffrey Collier, formerly of Morgan Grenfell, which had been Guinness's merchant bank during the Dis-

tilers takeover. Mr Ferguson said the letter had expressed a desire that political pressures should not be satisfied at the expense of a fair investigation.

He said the letter had also expressed a desire that, to alleviate that criticism, "there was a danger that they might come up with a scapegoat."

Mr Taylor agreed, adding that that kind of City investigation was worse for the Conservative Party than for Labour.

Mr Taylor had been recalled to the witness box to supplement evidence he had given in March in the trial of Mr Saunders; Mr Gerald Ronson, Haven group chairman; Mr Anthony Parnes, a City stockbroker; and

there had been a view that the rather analytical approach, and contact between brokers and their clients at golf club level, needed to be supplemented "by somebody who seemed to have a very streetwise knowledge of the market."

Mr Saunders said he did not recall encouraging Mr Parnes to find purchasers of Guinness shares; nor assuring Mr Ronson - or anyone else - of protection against loss if he bought Guinness shares.

Mr Saunders described Mr Parnes as "very much on Oliver Roxy's team" and went on to explain that Sir Jack Lyons had become "a regular strategic adviser" to Mr Roxy, who had been Guinness's director of finance.

The bid team, managed by Mr Roxy, had run the financial and market aspects of the bid. It had consisted of Mr Roger Seagill, of Morgan Grenfell, Cazenove, Wood Mackenzie and Freshfields. Mr Thomas Ward, another Guinness director, linked in closely with the team when he was in the UK, Mr Saunders said.

"I got involved with the bid team when things were wrong and left them alone when things were right," Mr Saunders told the inspectors, adding that he had always got involved in important strategic decisions.

The team had reported to him on an ad hoc basis.

The trial continues on Tuesday.

Court report by Raymond Hughes

Sir Jack Lyons, the millionaire financier, they deny charges arising from an allegedly unlawful share support operation mounted by Guinness during the Distillers bid.

Prosecution barristers began reading transcripts of the defendants' interviews with the inspectors, starting with Mr Saunders' on February 10 and 11 1987. It is the first time the transcripts have been made public.

The inspectors asked Mr Saunders why Mr Parnes had been brought into the Distillers bid team in addition to stockbrokers Cazenove and Wood Mackenzie. Mr Saunders said

that Mr Parnes had been brought in to help with the financial and market aspects of the bid. It had consisted of Mr Roger Seagill, of Morgan Grenfell, Cazenove, Wood Mackenzie and Freshfields. Mr Thomas Ward, another Guinness director, linked in closely with the team when he was in the UK, Mr Saunders said.

"I got involved with the bid team when things were wrong and left them alone when things were right," Mr Saunders told the inspectors, adding that he had always got involved in important strategic decisions.

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Mr Pugh said all the reprocessed fuel would be returned to its country of origin after storing and reprocessing.

Mr Jane Wildblood, Greenpeace's nuclear campaigner, said that reprocessing would pollute the local environment and create spin-off radioactive waste that would have to be disposed of in Britain.

She said: "This is another sign that Britain is becoming the world's nuclear waste dump."

British Nuclear Fuels last month announced a much larger contract to reprocess spent fuel from West German power stations at its Sellafield plant in Cumbria.

Mr Wildblood also alleged that the Dounreay reprocessing work would probably serve military purposes.

That assertion was strongly denied by Mr Pugh.

Sponsor warns on 'hacking' bill

By John Mason

LEGISLATION to outlaw computer hacking will be largely unenforceable because the police will lack effective powers of search, the Government was warned yesterday.

The Computer Misuse Bill, which would make it illegal to gain unauthorised access to computers, completed its Commons stage and is now poised to become law.

Miss Emma Nicholson, the Tory MP for West Devon and the leading parliamentary campaigner against computer hacking, said police powers would have to be strengthened to make the legislation work successfully.

She told MPs police needed

powers of search to be extended to the homes of suspected hackers, because programmes were often prepared at home on personal computers.

The bill would allow the police to search only the premises of victims, unless the suspected hacker was arrested. That could lead to unnecessary arrests on flimsy grounds, she suggested.

Miss Nicholson also complained that British Telecom was less than willing to co-operate with the police to monitor telephone lines under existing legislation.

Mr Douglas Hogg, a Home Office minister, opposed

strengthening police powers on civil liberties grounds and denied that the bill would prove unworkable.

He said that Parliament had to be cautious about extending the powers granted to people to tap telephones.

Existing law, which allows for telephone lines to be monitored with the permission of the receiver of calls, could be used by police, he said.

Miss Nicholson withdrew her amendments in order to secure the passage of the private member's bill, of which she is a sponsor, but repeated her warning that police powers would have to be increased in future.

Herstmonceux price defended

THE HANDLING of the £3.1m sale of Herstmonceux Castle in East Sussex by the Science and Engineering Research Council was defended in the Commons yesterday by Mrs Angela Rumbold, an Education Minister, writes John Mason.

Mrs Rumbold defended the decision not to pursue an offer of £1.1m for the former headquarters of the Royal Greenwich Observatory. The bidder had been unable to provide suitable financial references.

The sale was criticised by the Comptroller and Auditor General for not including a clawback provision relating to increase in the land value arising from the granting of planning permission.

Triumph for Labour still leaves Tories reprieved

- is credible enough to cement the loyalty of the disaffected working-class Tories won over during the past year.

The next must be a concerted effort to neutralise the damaging impact on the party's broader electoral fortunes of a handful of left-wing councils in the capital.

The Labour leader said yesterday this week's successes were just the latest staging post in its march to victory at the general election. It was a credible claim.

But so was Mrs Thatcher's that the Conservatives had re-established a base from which to begin the fight-back that will give them a fourth consecutive term of office.

Philip Stephens

SUPPORTERS of the Labour Party supporters had long faces even before the count at Porchester Hall, Westminster, began.

Hovering next to the Cavenish ward count, Mr Paul Dimmock, leader of the Labour opposition, looked subdued. He said he was disappointed by the Conservative gain in Wandsworth the night before.

Wandsworth was the beneficiary of tens of millions of pounds of public funds used to keep the poll tax down for

London is blot on Labour landscape

Low community charge packs in the votes

He claims that competitive tendering has saved the council \$5.6m a year, but admits that the council is not among the highest in inner London. He believes efficiency in the borough has improved because officials have to take responsibility through what he describes as a "buck stops here" system.

Sir Paul admitted that he had once considered leaving politics, for personal reasons, but was now keen for a fresh challenge. As for possible ministerial ambitions, he said: "I have got a job to do now and I have set to get on with that before I think of anything else."

Labour's strongest areas correlated with the boroughs that produced the most organised protests against the poll tax.

Man with a dangerous soubriquet takes up the chalice

and in Downing Street during the 1970s, he served as a political adviser to four ministers, including Mr Nigel Lawson, the former Chancellor.

The skills he demonstrated there, and subsequently in the Whip's office and the departments of Social Security and Transport won him the flattering but dangerous sobriquet of 'a future Prime Minister.'

His first task was, over the next few months, to well decide whether he keeps it, or whether he shares the fate of many before him and becomes known instead as a 'former future Prime Minister.'

Philip Stephens

HOW THE PATTERN OF POWER CHANGED

[illegible]

UK NEWS - EMPLOYMENT

London Tube workers reject 9.3% pay offer

By Fiona Thompson, Labour Staff

FEARS of a repeat of last summer's strikes on London Underground rose yesterday after the National Union of Railwaysmen rejected a 9.3 per cent pay offer.

The executive of the NUR, which with 13,000 Tube members is the largest of the three unions representing London Underground's 20,000 staff, on Thursday night voted by a substantial majority to reject the offer.

The two other unions, the TSSA white-collar union and the Aslef train drivers, have not yet formally responded.

London Underground agreed to meet representatives of the three unions for further discussions yesterday morning but the talks ended after 14 hours when the employers refused to budge on the offer, describing it as fair, realistic and final.

Mr Vernon Hince, NUR assistant general secretary, said he was disappointed that London Underground would not move. The NUR's executive will meet early next week, probably on Tuesday, to consider its next step.

The options include a reconsidered acceptance of the offer, putting the issue to the Wages Board, the industry's arbitration machinery, or balloting members on some form of industrial action. The probability is that the executive will decide on a ballot.

This would take a couple of weeks to carry out so any

Mr Roger Bannister, a militant supporter who was expelled from the Labour Party, was yesterday elected to the executive of the Nalco public services union. He was one of nine new members elected to the Nalco executive.

Mr Bannister is one of four candidates for the post of general secretary of the union, which has 750,000 members. The result of the separate ballot for the union's general secretaryship will be disclosed next week.

action, if voted for, would not begin until June.

The 9.3 per cent offer is over 11 months from May 7. It is identical to the offer made by British Rail and accepted last week by the NUR, Aslef and TSSA for their rail members.

The unions' Underground claim is for a substantial rise and a cut in working hours from the present 38 or 37 (depending on blue or white-collar job) to 35 hours. London Underground did not respond to the hours claim.

The NUR said its Tube members would not accept an environment and under different conditions to rail staff. It added that the high living costs in the London area warranted a bigger pay increase.

Plea to Howard on voucher scheme

By Lisa Wood, Labour Staff

ONE of the new employer-led Training and Enterprise Councils (Tecs) due to take over delivery of publicly-funded training schemes has suggested to the Government that unemployed adults should be given vouchers to buy their own training.

The idea has been presented as a supplement to Northumberland Tec's bid for one of 10 pilot schemes to be carried out over the next two years on the provision of training credits.

In March, Mr Michael Howard, Employment Secretary, announced the plan for the pilot schemes training credits - likely to be worth about £1,000 - to be given to about 45,000 people eligible for the Youth Training Scheme.

The plan is for participating employers not to receive YTS subsidies but instead pay a market wage with the young people exchanging their credits for training.

Mr Howard has singled out YTS as his main target group for the pilot schemes.

However, Northumberland Tec has suggested that adults should also be given vouchers to buy training.

Training for the right to a proper job

Lisa Wood listens to complaints and suggestions of ET trainees in Northumberland

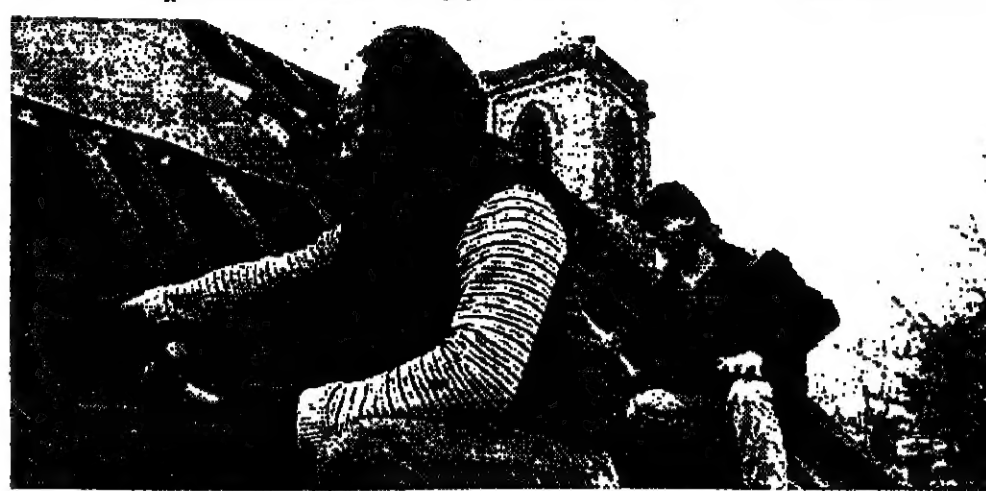
IVAN, a 40-year-old former building worker was blunt about how he thought Employment Training, the Government's scheme for long-term unemployed adults could be improved. "They should find you proper placements where there is a job at the end. That is what people want, a job," he said.

Ivan, unemployed for eight years, is training to be a hospital care worker on ET. He lives in Northumberland where many employers dislike the scheme and are reluctant to offer work experience placements. Only 39 per cent of those completing ET courses obtain work compared with a national average of 51 per cent.

Ivan and several of his fellow trainees at Skills Unlimited - a private sector training provider - were being canvassed on their feelings about ET.

The work was being done for the Northumberland Training and Enterprise Council, which will take over responsibility for the delivery of ET in the county later this year.

The task is made more difficult by the Government's decision to cut state subsidies for ET and the Youth Training Scheme because of falling levels of unemployment and the assumption that employers will pay more for trainees. ET nearly two years ago replaced



Workers on a Community Project scheme, a forerunner of Employment Training

the Community Programme as the Government's main scheme for the adult unemployed.

There are about 210,000 people on ET schemes. In Northumberland, only 10 per cent of people on ET receive work-based training provided by an employer. Training providers are critical of the abrupt way that the Government told them contracts were being renegotiated and the lack of time to investigate alternative funding.

The nine ET trainees at the meeting, organised by a training consultancy called Full

Employment UK, concentrated on five topics:

● **Placements:** Several of the trainees either expressed no desire to go on placements or criticised ones they had been on. Mark, 26, said he had gone on a word processing placement and ended up rolling carpets which the company sold. He was asked to leave by the company because of his attitude towards work and failure to wear a tie. Ivan said his first hospital placement was a "dead end" where he learned nothing.

● **Training quality:** Some

trainees complained that the ratio of instructors to trainees was not high enough. Brian, 25, was training to be a joiner. He said the 15 trainees on his course had to be supervised when operating power equipment but often only one of the two supervisors was available and trainees were left "standing about."

● **Length of training:** Three trainees - two on a landscape gardening course and one on a painting and decorating course - said courses needed extending because it was not possible to obtain City and Guilds qual-

ifications on a six-month programme. Anthony, a landscape gardening trainee, said he would probably complete the course, go on the dole for six months and then go back on to ET.

● **Women:** Both women in the group said they expected to get jobs quite easily. Katherine, 35, who was returning to work after raising a family, said there was a demand in the area for people with word processing skills. Sarah, 22, and out of the labour market for two years after having a child had a strong chance of a job as an instructor at a local swimming pool.

● **Training Vouchers:** Northumberland Tec is researching whether vouchers for training would work for trainees on the YTS and ET. The trainees were enthusiastic at the idea. They felt vouchers could give them a "foot in the door" with employers, particularly small to medium sized companies who might be more persuaded to recruit them directly. But those who wanted to extend their courses said a voucher might only pay for eight to nine months training. In spite of their doubts about some aspects of the scheme, most of those who had been out of the labour market for some time felt that ET was worthwhile overall.

Shipbuilders agree to working practices deal

By Michael Smith, Labour Correspondent

MANUAL WORKERS at Vickers Shipbuilding and Engineering (VSEL) yesterday committed themselves to significant changes in working practices when they agreed a two-year deal which will increase basic pay by 9.15 per cent and cut the working week by two hours.

The company said the deal would introduce the most modern working practices in the UK shipbuilding industry, with the 10,000 workers agreeing to be considerably more flexible.

Yesterday's agreement at Britain's biggest shipbuilding company demonstrates growing pay pressure in Britain, although the company stressed that the improved productivity will offset some of the costs of the rises.

The deal follows conclusion of an agreement at Vespene Thyrograph of a package which increased pay by 9 per cent immediately, added another 1 per cent from January and introduced a 37-hour week from next April.

In the VSEL deal, which takes in both the company's Barrow-in-Furness yard and its Cammell Laird subsidiary in

Birkenhead, the 38-hour week will be reduced by one hour immediately. Another hour's reduction will follow next April 1.

On that date the second-year pay deal will mean increases of between 5.2 per cent and 8.5 per cent, depending on inflation.

Mr Tony Peak, managing director, said the deal would mean that skilled workers would take on jobs that had been done strictly by ancillaries. For example, they would do more carrying and cleaning.

A sheet metal worker putting up a duct might in future take on some minor painting work, said Mr Peak.

The company did not want to destroy skills and would train workers to take on additional jobs.

Mr Peak said that although the negotiations called for reconsideration of some traditional attitudes, there was a willingness on both sides to listen.

Since a lengthy strike two years ago over holidays, the two sides had enjoyed good relations.

AUT council 'reluctantly' approves 9% increase

By Norma Cohen, Education Correspondent

THE Association of University Teachers' council said yesterday it had "very reluctantly" approved a salaries offer which will raise basic pay by 9 per cent over the next year, thus removing the threat of an examinations marking boycott.

The AUT had initially sought an increase of 27 per cent in pay levels, claiming that in real terms, university staff salaries have decreased by that amount since the early 1980s.

However, the union had made clear members would not accept a settlement much below the average 10 per cent increase in university funding granted for the current fiscal year.

The offer, which will cover academic and professional staff at universities, marks an improvement over a 7.5 per cent pay offer made two weeks ago.

The AUT had told the university employers body, the

Committee of Vice Chancellors and Principals, that if a satisfactory offer were not received, it would ballot members on an examination marking boycott to take effect this month.

The increase will cost employers 8.5 per cent for the 1990-91 fiscal year, with a portion of the increase achieved by delaying the start of the salary increase by one month to May.

Also, from January 1 1991, an additional 1 per cent of the pay bill will be used for discretionary pay for merit awards or to meet particular recruitment needs.

The offer also includes relief for those at the bottom rung on the pay scale by eliminating the lowest point. Lecturer scales will now begin at £12,000 while introductory salaries for related staff will be at £11,300. Top pay scales for lecturers will be nearly £29,000, while salaries for full professors would begin at £27,000.

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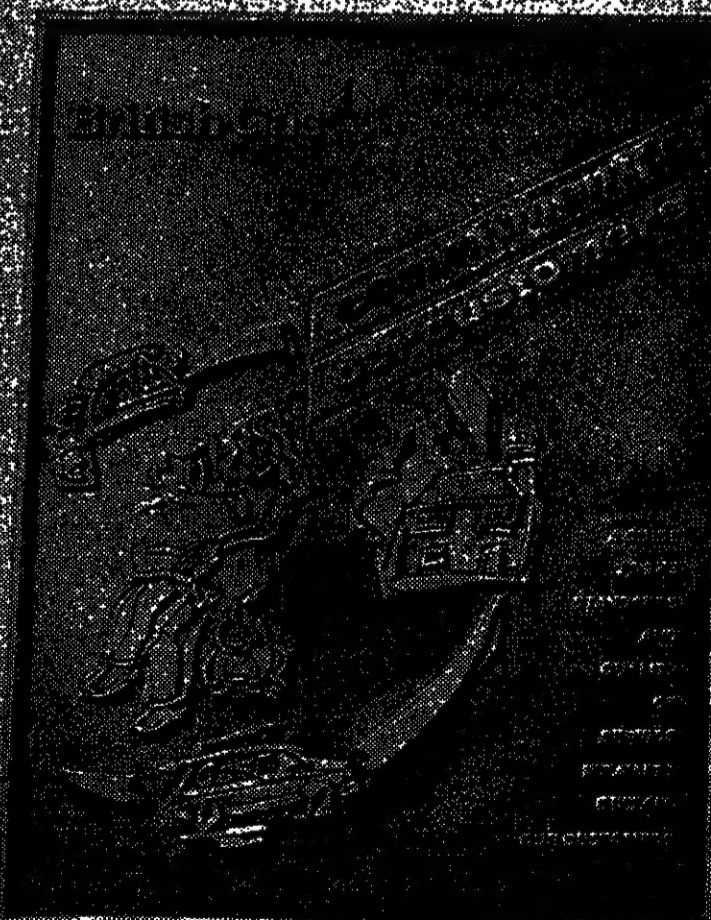
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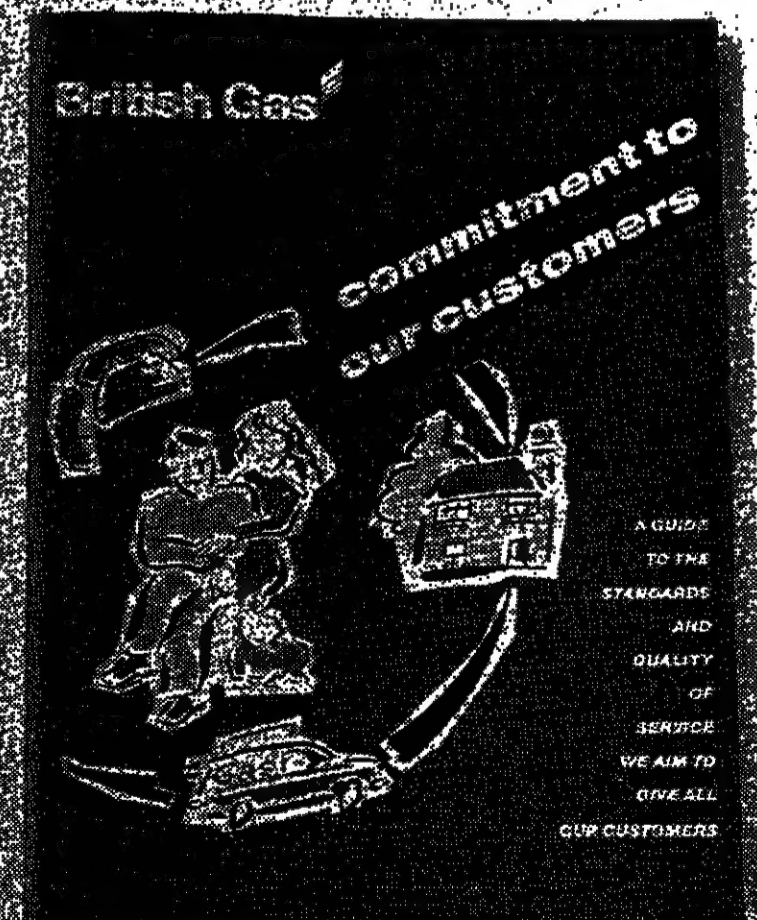
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Taxes and trillionaires

IF Britain's local elections were a referendum on the poll tax, the outcome implies a near uniform degree of discontent with the general noise level might have suggested. The loss of 200 Conservative seats was undoubtedly a serious blow for the Tories. But the buoyant response of equities and sterling yesterday lent some credibility to the verdict of Environment Secretary Mr. Chris Patten: a message it clearly wasn't. In consequence the leadership of the Tory party suddenly looks a less pressing issue this weekend than the government's overall management of the economy. When City dealers return from their bank holiday on Tuesday, inflation will feature more prominently on the agenda.

Not that the inflation issue can be wholly divorced from the poll tax. It remains to be seen whether the impact of the tax on next Friday's retail price data is sufficient to drive the index into double figures, and there are anyway good arguments for discounting the effect of a direct tax of this kind on the retail price index. But wage bargaining will undoubtedly be affected by the headline figure.

That is not something that the government can readily afford. According to projections in the latest World Economic Outlook, published this week, retail price inflation in Britain is set to emerge at 8.2 per cent in 1990 and 7 per cent in 1991, compared with 4.2 per cent and 3.5 per cent respectively for the industrial countries as a whole. The IMF also suspects that tougher monetary medicine may be needed to reverse the pressure of rising costs and prices, especially in view of tight conditions in the labour market.

Housing outlook

Nor do conditions in the housing market, that other great engine of inflation, look any more reassuring. The boom of the latter part of the 1980s was substantially driven by consumption arising from equity withdrawal - the process whereby people borrow more than they invest in house and spend the proceeds on goods and services. The result has been a run-down in net personal sector savings, which finds a counterpart in a current account deficit as imports rise to satisfy growing domestic demand.

The problem has temporarily been addressed by high mortgage rates. But the housing market is still an accident looking for the next opportunity to happen. Britain's owner-occupied housing stock is probably now worth more than

£1,000bn - a trillion, in transatlantic parlance. But at the last count there was a mere 5/4 trillion of housing loans secured on that figure, suggesting a massive gap in housing of 5/4 trillion.

Despite the high cost of mortgages the liabilities in the personal sector's balance sheet are almost certainly creeping up in response to the continuing opportunity created by the liberalisation of the banking system to borrow on all that collateral. Thursday's House Price Figures from Halifax Building Society admittedly pointed to a marginal fall for the country as a whole in the year to the end of April. But that disguises a sharper fall in the south-east and a continuing upward trend in the North and Midlands where a more active housing market is probably making a notable contribution to Britain's buoyant monetary data.

Labour's options

The government's only way of preventing the release of this overhang of housing is a lateral is higher interest rates. For its part Labour argues for a wider armoury of weapons, including administrative constraints on credit. Few in the City believe that these would be effective. The support of exchange controls, and while Shadow Chancellor Mr. John Smith clearly enjoys using credit controls as a stick with which to beat his Tory opposite number, some suspect that he would eventually drop down if Labour found itself in power.

More interesting, from the City's point of view, is Labour's commitment to the exchange rate mechanism (ERM) of the European Monetary System. Yet Mr. Smith is a known Eurosceptic, and the real centrepiece of any Labour monetary policy. Like Mrs. Thatcher, he believes in monetary sovereignty and has his doubts about European Monetary Union.

In short, there is nothing to suggest that either government or opposition are likely to share the degree of commitment to the ERM shown by the French under President Mitterrand. So if Britain joins the ERM, it will ultimately converge. Until the commitment has been thoroughly tested, the risk premium in sterling will not erode. For a country with Britain's inflationary record and lukewarm Europeanism, there is no easy road to lower interest rates.

Joe Rogaly finds crumbs of discomfort for both sides after the local elections

The Labour bubble nearly burst yesterday. As the results of Thursday's local elections began to sink in, it became apparent that the next general election in Britain is still wide open. Mr. Neil Kinnock's new model party did very well indeed, showing gains right across the country, but its overall victory was diminished by defeats in London, and some disappointments elsewhere. The conclusion must be that Labour's 20 and 25 point leads in recent national opinion polls can, and probably will, dwindle to something much less substantial between now and an election that need not take place until mid-1992. It may be a freak, but yesterday's Gallup poll in the Daily Telegraph has that lead down to 15 per cent.

These are significant straws in some very changeable winds. At about this time last year, before the gods began to make the government mad - with no doubt the usual purpose in mind - it was impossible to believe that Labour could win; certainly the Conservatives were confident that they were headed for a fourth election victory in a row. "Our majority may be cut to 40 or so," ministers would say to show what objective and reasonable change they were, "but that is the worst that could happen to us."

This sounded convincing at the time, given the number of seats Labour needs. The arithmetic has been rehearsed often enough. What it boils down to is that Mr. Kinnock's party has to gain some 100-plus seats to establish a working majority over all other parties in the House of Commons. A significant proportion of these must be found in the south of England, many of them in London,

very least the Conservatives might lose their overall majority, for which they have to forfeit just 50 seats. That might mean a coalition with the "bliss and bobs" Mr. Patten refers to, but in such a circumstance the public would regard the Government as having lost the election, as it did in the case of Mr. Heath in 1974.

Those who have been confused by this pair of self-cancelling equations have been tempted to take refuge in other forms of analysis. That is one reason why there has been so much talk of the decay of the Thatcher era, the local elections, in which Labour and the Tories won the same number of seats, were a simultaneous equation next week, when detailed ward-by-ward analyses of yesterday's local election results become available.

It seems likely that what will be shown is that there has been an overall swing to Labour, in terms of votes cast. This swing may seem insignificant or in some cases even negative when the comparison is made with current opinion polls; quick summaries, based on samples, suggested yesterday that Labour's overall lead in the local contests was about half its national opinion poll lead.

Such comparisons are actually of slight value. They do not really compare like with like. The useful measure is Thursday's results against the 1986 local elections, in which Labour also did very well (and the Tories won the subsequent general election). The size of the movement to and in some cases from Labour since 1986 will show a considerable regional variance. For example in Scotland, where Labour is already in a commanding position, the overall share of Thursday's vote was expected to be: Labour 43 to 44 per cent, Tories 19 per cent, Scottish National Party 21 per cent and the Liberal Democrats 8 per cent.

Compared with 1986 Labour is unchanged, the Tories up two points, the SNP three, and the Liberal Democrats are down seven. Such figures, tabulated across the country by borough, may be set against the incidence of poll tax. Some indication of how this exercise is shaping up can be seen in the table, which shows the results in the 10 boroughs in London on Thursday. This is less precise than a table of votes cast, but it is what British politicians, accustomed to first-past-the-post systems, tend to look at first. The column headed "poll tax minus rates" gives the difference between the average household bill four years ago and today. If the community charge is to be a strong influence on voting behaviour in local contests, this should be reflected in the winners and losers columns.

To a small extent it is. The lowest increases in the cost of the poll tax have been in Wandsworth and Westminster, and the Conservatives did spectacularly well in both of them. The disgraced bottom of the pile, in terms of increased taxation, is Brent, and Labour lost control there; Ealing, third from the bottom, was lost to the Tories. The latter here; it was captured by Labour from the Conservatives after 1986, its expenditure rose accordingly, and the voters responded as the theory of accountability says they should.

For the rest, however, the results range from mixed to inconclusive.

Not everyone is ready for Labour

POLLING STATION

THE VERDICT ON THE POLL TAX									
Council	Party control		Poll tax -1986	Poll tax -1990		Gains and losses		Lib Dem	Lhs
	May 3	Today		1986	1990	Cons	Lab		
Westminster	CON	CON	130	+13	-12	0	0		
Wandsworth	CON	CON	142	+17	-17	0	0		
Southwark	LAB	LAB	250	-1	-6	+7			
Levensham	LAB	LAB	288	-9	+7	+2			
Kensington	CON	CON	315	0	0	0	0		
T.Hamlets	LD	LD	326	0	-5	+5			
Barking	LAB	LAB	340	-3	+5	-2			
Greenwich	LAB	LAB	354	0	+4	0			
Merton	HUNG	HUNG	359	-6	+4	0			
Bexley	CON	CON	362	+1	-3	-1			
Hammersmith	LAB	LAB	406	+13	-13	0			
Bromley	CON	CON	412	-1	+1	0			
Redbridge	CON	CON	417	-3	+1	+2			
Croydon	CON	CON	436	-2	+2	0			
Hillingdon	HUNG	CON	460	+7	0	-7			
Harrow	CON	CON	468	+4	0	-3			
Enfield	CON	CON	480	-6	+6	0			
Richmond	LD	LD	501	0	0	-2			
Havering	HUNG	HUNG	507	-8	+5	+1			
Kingston	CON	CON	522	-1	+3	0			
Barnet	CON	CON	550	0	0	0			
Hounslow	LAB	LAB	554	-2	+4	-2			
Haringey	LAB	LAB	559	-3	+4	-1			
Lambeth	LAB	LAB	565	-1	0	+1			
Camden	LAB	LAB	581	+2	-2	0			
Sutton	HUNG	LAB	581	-3	-1	+4			
Islington	LAB	LAB	626	0	+13	-12			
Hackney	LAB	LAB	643	0	-3	+3			
Newham	LAB	LAB	677	+2	-2	0			
Ealing	CON	CON	686	+16	-14	-2			
Waltham Forest	LAB	LAB	708	0	+2	-2			
Enval	LAB	HUNG	707	+9	-11	+2			
Average for "			467						
Average for "			626						

*Opposed Councils: *Changed control after 1986 from CON to LAB **Should Democratic 1 Average per household. Source: CIPFA, IFF Ltd. Figures, late results to come.

Labour all but wiped out the Social Democrats in Islington, which is high-spend and capped, and the electorate to other things. Mrs. Thatcher's constant meetings with foreign leaders. The government can then sit back and hope to have interest rates and inflation down about 8 to 12 months before it must face the electorate, in which case Mr. Kinnock will once again be frustrated.

As was once said of Mr. Macleod, this might be too clever by half. The Conservative Prime Minister, Mrs. Margaret Thatcher, remains an electoral liability: according to the opinion polls she is becoming the most unpopular party leader ever. The poll tax still enforces the Tories with an aura of unfairness and bungle that may be greater in its effect on general election voting than is the mere cash size of the charge in highly publicised boroughs such as Wandsworth. The well-known pitfalls awaiting the

defuse the issue of local government finance and leave the Prime Minister free to draw the attention of the electorate to other things. Mrs. Thatcher's constant meetings with foreign leaders. The government can then sit back and hope to have interest rates and inflation down about 8 to 12 months before it must face the electorate, in which case Mr. Kinnock will once again be frustrated.

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Tories are still there, next Friday's inflation figure, the inflation-driven autumn wage round, the potential bifurcation of the party over attitudes towards the European Community, and the growing probability of a further leadership contest in October, to name but four.

Looked at in this way, yesterday's results really are good for Labour, since they contain enough crumbs of comfort for the Tories to keep Mrs. Thatcher in Downing Street and the poll tax on the statute books. The Government will lose the election and hand the reins over to the opposition. Mr. Kinnock might conclude that all he has to do is allow the "Thatcher factor" and the poll tax to do their work for him, as they have been doing since the turn of the year.

That would also be too clever by half. The extraordinary run of political misfortune that has beset the Tories since the crowning glory of Mrs. Thatcher's 10th anniversary in Downing Street on May 4th 1989 will not necessarily continue for another two years. It has enabled Mr. Kinnock and his lieutenants to capitalise on their own commendable bonfire of unpopular policies such as unilateral disarmament and wholesale nationalisation, but it is not at all obvious that much more has been achieved.

Work it out: Labour is odds-on to win next time if it gathers and retains the votes of former Liberal/Social Democratic alliance voters and sympathisers, or disgruntled working class Tories, or a combination of the two. The Liberal Democrats claim to have won about a fifth of the votes in Thursday's local elections, which is one reason for Labour's disappointments. This aggregate of local scores is not necessarily a guide to electoral behaviour at a general election but it is at the very least circumstantial evidence that many former alliance voters have not yet found a permanent home in the Labour party.

One reason for this is that Mr. Kinnock and his advisers have so far chosen to avoid the enunciation of a clear set of understandable principles upon which they would base their governance if they won. The policy review is a long time in the making, and what it discards of the old than for what it offers as new. The party plans to meet this objection in a few weeks' time, by publishing a shortened version of the review. If this is successful it could do for Labour what "The Right Approach" did for the Tories in the late 1970s. We will be able to judge whether this is so when we see it.

The Labour Party is far more attractive - or, if you prefer, far less unattractive - today than at any time since 1978. It is apparently united and seems to be heading for a future as a European-minded, European-style social democratic party. Many people deride Mr. Kinnock, but he has been the man in charge during Labour's transformation and he must take the credit for it. Some Labour front-benchers, including Mr. John Smith, Mr. Gordon Brown, Mr. Tony Blair, Mr. Bryan Gould and Mr. John Cunningham have been winning friends for Labour in a sustained effort to attract centre-minded opinion.

What is open to question is whether this huge mid-air change is in itself sufficient to convince the many remaining doubters that Labour can be voted into office again. I am not so sure, one reason being the time available for the Government, which might yet stage a recovery, and another being the Labour strategy of avoiding anything (membership of an exchange rate mechanism of the European monetary system apart) that might dilute its power if it won. "Trust us, we're Labour," they seem to be saying. Some voters were replying on Thursday, "why should we?"

WOMAN IN THE NEWS

Jill Morrell

Reluctant activist in fight for Beirut hostages

By Victor Mallet



everybody just cried," she said in the group's pique - but donated - little office at the headquarters of the National Union of Journalists.

Ms Morrell has now gone on a well-deserved holiday, having delayed her departure following the release of Reed and his fellow American hostage Robert Pothill. She remains, however, the reluctant figurehead of an extraordinarily successful publicity campaign for McCarthy and the other three British hostages.

"He's been kidnapped for longer than I knew him now. It's very weird," she said recently, affirming that she needs to continue her own life and would rather not be called McCarthy's girlfriend, although she remains committed to working for his freedom. "I'm not the story, John is."

Nevertheless, Ms Morrell's attractive personality, her calm determination, and her struggle against public apathy and what she sees as the feebleness of the Foreign Office's hostage policy have won her

acclaim in Britain. "She will always be the focal point of the campaign because she is the face the press want to see," says Ms Comerford. "She will always fight for John for however long it takes. It's incredibly tiring; it's been a huge part of her life for four years."

Ms Morrell, aged 32, and McCarthy, now 33, were both at Hull University but did not become close until they met in London as employees of World-wide Television News, the TV news agency previously called UPTN. She worked as a secretary before becoming a journalist and scriptwriter, and recently moved to Channel 4.

A full-time job does not allow much time for campaigning, but Ms Morrell and her colleagues have attempted to win the support of diplomats, politicians and the general public both by quiet lobbying and by selling T-shirts and staging a series of publicity stunts to attract the cameras. In one of the most memorable, Morrell released black bal-

loons from the top of the Blackpool Tower during the Labour Party conference two years ago. Last year the campaigners held a giant birthday card for McCarthy outside the Foreign Office and released some white doves. With the donated skills of advertising agency Bartle Bogle Hegarty, they have kept McCarthy's name alive through a series of emotive posters and filmed advertisements, although they have been refused charitable status (because they are fighting for an individual) and been denied airtime for their advertisements by the Independent Broadcasting Authority on the grounds that they are a political organisation. In Britain an all-party parliamentary support group for the hostages has just been launched.

Ms Morrell has also taken her campaign to Damascus to urge the Syrians to use their influence in Lebanon, to Paris to meet French hostages, and to Strasbourg to meet Members of the European Parliament.

Despite their success in keeping McCarthy in the public eye, the Friends of John McCarthy have not forgotten the other British hostages. They are Brian Keenan (also seen recently by Reed), Terry Waite (envoy of the Archbishop of Canterbury) and Jack Mann (a retired pilot and resident of Beirut). Keenan, however, also has Irish nationality, and his family are anxious to emphasise this because of Britain's unpopularity with the Middle East powers concerned.

Money from donations and fund-raising events - which have included a cricket match and a flamenco evening - pays for daily operations and is also distributed to a range of relevant good causes: some has gone to a charity for Middle Eastern children and some to Sunnie Mann, Jack's hard-pressed wife in Beirut.

Ms Morrell has not hesitated to attack the Foreign Office for its lack of conspicuous activity on the hostage issue, but her desire to see McCarthy free has not blinded her to the moral complexities of negotiating with kidnappers and their backers. Life President George Bush, she favours a solution where each side can point to goodwill gestures by the other without being criticised at home for caving in to unreasonable demands. "I would pay money to get John back," she said last year, "but I would accept that governments can't be seen to do that."

Doubtless she will welcome this week's announcement by Mr. Douglas Hurd, the Foreign Secretary, that Britain is prepared to countenance the idea of direct talks about the hostages. McCarthy is now known to be alive, but he is not yet safe or free.

After McCarthy was seized, she waited quietly for 18 months on the advice of the Foreign Office before deciding that enough was enough and calling a press conference. The Friends of John McCarthy was born. "Jill has done remarkably well to weather it all," says Ms Comerford. "She's very tenacious."

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Terence Conran is returning to his first love - designing. Maggie Urry assesses his innovative career

Pilot of change from 'need' to 'want'

Last Thursday marked the end of an era in British high streets. Sir Terence Conran, the founder of Habitat in the 1960s, announced that he was stepping down as chairman of Storehouse, the retailing empire he had built from that modest beginning.

His career is not finished yet. His reputation as Storehouse chairman will allow him to get back to his first love of designing and he is buying back the Conran Shop from the group.

Whether Sir Terence was the force behind it or the symbol of it, his career has coincided with a remarkable change in British attitudes to style and design.

Once looked on with suspicion as an aesthete, even effeminate interest, design now pervades the lives of ordinary people.

Sir Terence, in home furnishings, and others in fashion - such as Mary Quant, Ossie Clark and Barbara Hulanicki of Biba - were there at the right moment. It was a moment when the country was ready to change, and had those people not been there "it would not have happened."

The prominence those early designers achieved brought design

to the public's attention. Mr Rodney Fitch, head of his own design group, says: "The country has produced a whole host of influential designers and stylists in the last 20 years. Sir Terence's success made success for the rest of us possible."

More than that, Sir Terence's career spans a period when there has been a complete reversal in the balance of power between manufacturers and consumers.

When the young Conran was designing for the Festival of Britain in 1951, the country was still in the grip of post-war rationing. It was a "grey dreary world", he recalls. "It was not until the late 1950s, the 'you've never had it so good' years, that consumer power began to be felt. In those strange, post-war years people needed things," Sir Terence remarks, "and by the early 1960s the need was satisfied. In the 1960s people started to want things." It was only when people bought what they wanted rather than what they needed that they could start to exercise choice.

Only in the past few years have consumers been so spoilt for choice that they can dictate to retailers what they want to buy.

Now good design is, in the words

of Mr Fitch, "the prerogative of all people and not just the wealthy." The changes in the goods stocked by chain stores such as Marks and Spencer, and BHS, part of the Storehouse empire, have been enormous over the past 10 years.

"What I started off by saying was, 'why just because something is well designed should it only be available to affluent people?' A well designed product should be just as cheap if not cheaper," Sir Terence says.

Habitat is one of the survivors from the blur of images that people refer to nostalgically as "the sixties". The Beatles, Biba, hippies, mini-skirts, the first foreign holidays for most people, a broadening of minds and experiences.

While Elizabeth David taught the English to cook rôtisserie, Sir Terence - a man whose sixth reveals his love for good food - sold them the authentic French cooking pots to do it in.

When the first Habitat store was opened in 1964 in the Fulham Road, in London's fashionable Chelsea neighbourhood, shoppers flocked through its doors, presented for the first time with a range of desirable objects for the home from kitchen basins to pine tables.

"Habitat sold what people had picked up on holiday or found in out of the way ironmongers shops," says Sir Terence. "People with an eye had been able to collect these things before, but you could not find traditional French cooking utensils except in one little shop in Soho."

Although just one shop at first, the effect of Habitat spread through word of mouth and then the Sunday colour supplements which were beginning to appear in the 1960s. "Customers came in after lunch on Saturday and felt they were part of a club that had discovered a new way of life. That sounds amazingly pretentious," he says.

"Our philosophy has always been that we are purveyors of a collection of pleasant, useful objects. We never suggested people should fill the house with them. It makes a very dull house if you just go in and buy everything in the shop."

Mr Fitch says: "Sir Terence was there at a time when people were hungry for stylistic change. He created a distinctive English style - a style very much bred of clarity but which allowed marginal eccentricity. He showed that we did not need cluttered interiors, but needed

points of interest. A simple, interior could accept some bizarre piece of furniture or ethnic wall-hanging."

Part of this style's importance was that it was attainable. "Sir Terence was very important, very influential in bringing an understanding of and aspiration for well-designed products to a huge section of the community," says Mr Ivor Owen, director of the Design Council.

It is too easy to say that Sir Terence's difficulties at Storehouse negate his importance in spreading design through high streets and consciousness. His critics point to the slump in profits at Storehouse and argue that the Conran dream of bringing design to the mass market has failed.

But that is a simplistic attack. What has gone wrong, broadly speaking, was not the design but the execution. Storehouse under Sir Terence simply failed to get the mechanics of retailing right - getting the stock on the shelves on time, making the computer systems work and so forth. That is being tackled now by a combination of accountants and retailers. Sir Terence can get back to doing what he was always best at.



Sir Terence Conran: he can return to doing what he was always best at

People down in Sweetwater take travel for granted. Hundreds of them think nothing of jumping in their cars on a Friday afternoon for a 400-mile round trip to watch their high school football team play an away game.

But even in the vast expanses of west Texas not everyone owns a car. Some can't afford one, others are too old to drive anymore but are still keen to visit children who have moved to the big cities such as Dallas, 230 miles to the east.

Like others in thousands of small towns across America, their only form of public transport is the Greyhound bus. Local farmers and businessmen also depend heavily on the bus service for freight.

Nine weeks ago, Greyhound plunged into its second violent and disruptive strike in seven years. Negotiations resume today with much at stake for new owners, it is a fight to turn round the struggling company, for workers it is a battle over money, prestige and the right to strike; for some people in Sweetwater it is a loss of mobility.

"Our little old grandmas have been too scared to ride the bus," says Mrs Ann Emiler, the self-employed 76-year-old who has been a Greyhound bus depot converted from an old petrol station.

Nothing much has happened in Sweetwater. Half a dozen pickets showed up three days, running to shout at drivers who chose not to

Roderick Oram tells how a long Greyhound bus strike has affected riders, drivers and bosses

Sore paws for America's highway hound

Join the Amalgamated Transit Union's strike. But blood has been shed elsewhere. A striking driver was crushed to death by a bus at a California depot. Behind the wheel was a newly hired driver who had taken his job. Dozens of buses out on the roads have been hit by gunfire or rocks. The company has received scores of bomb threats.

For most Americans, it is impossible to reconcile the scattered violence with the decades-old image of a uniformed, courteous driver.

"The ones I know are all real nice guys," says Mrs Emiler.

Both union and company agree only a handful of people are responsible for the violence. The company alleges that its semi-autonomous unions are inciting and organising it; the union thinks the perpetrators are uncontrollable "crazies."

In the balance are the jobs of 6,300 drivers and the company's future.

From its roots in rural Minnesota 76 years ago, Greyhound has grown into a conglomerate with buses as just part of the portfolio. The bus business held up fairly well until the deregulation of airlines in 1978 and buses in 1982. From a peak of 10.36bn passenger miles in 1981,

Greyhound plummeted to 6.09bn in 1986 under pressure from airline competition and an uneconomic cost structure.

Drivers took a 25 per cent pay cut in late 1986 to try to keep the buses running. But the parent company, seeing no future in the business, sold it in 1987 for \$350m to a group of investors led by Mr Fred Curry.

Investment bank, and 25 per cent by its former parent which recently renamed itself Greyhound Dial. The balance is held by other executives and outside investors.

Mr Curry turned the company inside out. He stripped out layers of management unnecessary after deregulation; slashed fares and launched aggressive marketing and

advertising campaigns; invested \$180m over three years on often poorly run city centre bus stations; and bought hundreds of new buses to improve service.

The changes have begun to pay off. Traffic recovered last year to 7.5bn passenger miles and an average of 23.3 filled seats per bus - typically 43 seats - up from 19.8 seats in 1987. Revenues rose to \$1.04bn from \$630m in 1987. But an operating profit of \$49m was consumed by \$50m of interest on Greyhound's storm of debt. Only a tax credit put it at \$727,000 into the black - the first net profit since 1985.

"Fundamentally, a very sound business underlies this," says Mr Mike Doyle, Greyhound's chief financial officer. "It is a matter of pricing properly and providing good service."

Still feeling the cost squeeze and pushing for greater flexibility in how it pays and uses its drivers, Greyhound offered them only a slender pay increase in this spring's contract negotiations. The drivers wanted a rise of 4 to 5 per cent in the first year. They rejected the package, not only because it failed to restore their former pay levels but also because of more than 30 non-wage issues. The union says its own proposals would cost \$40m over three years, but the company estimates \$180m.

Last year, Greyhound drivers earned an average of \$24,743, well below their pre-deregulation earnings in real terms. But that is mis-

leading, says Mr Doyle. There are many part-time drivers and the top quarter earned an average of \$33,000. Many were paid more last year than in 1986 because improved scheduling allowed them to drive more hours (at 30 cents a mile) during their shifts.

"There are striking drivers who are very resistant. They want things like they were in the 1950s. They can't accept the changes."

Some 6,300 drivers and 3,000 mechanics and office workers, all union members, went on strike on March 2. Most of the latter two groups went quickly back to work, making it a drivers' strike. The company maintained a skeleton service initially with 600 drivers who crossed picket lines. Over subsequent weeks it has hired 2,750 new drivers and is now carrying about 65 per cent of the passengers it did before the strike.

By June it plans to have a total of some 4,500 drivers which will prove it is offering a competitive wage, says Mr Doyle. Given new schedule efficiencies, that is all the drivers it needs to provide a virtually full service again.

"At that point, the strike is irrele-

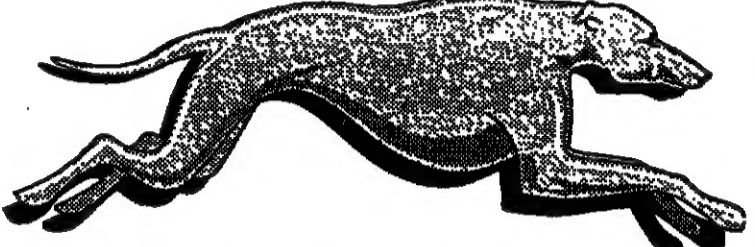
vant," says Mr Lannie, Greyhound's chief negotiator.

The new employees are permanent replacements for the strikers, a tactic allowed by US laws. The company's only obligation when the dispute is settled is to hire strikers as jobs become available.

Meanwhile, Wall Street is jittery about Greyhound's future and its publicly traded bonds. The company, in recent weeks, though, both sides seemed to be wearying of the fight and the violence has dwindled. Today's talks take place amid signs of a somewhat more conciliatory attitude by union and company, though the latter is adamant about keeping its strike-breaking drivers.

Even if the dispute was settled immediately, Greyhound will suffer lingering damage. It has already lost again, for example, many of the parcel customers it had painstakingly wooed back over the past few years. For the second time in seven years its image has been badly dented and the anger and frustration of the union drivers will fester for years. "I could understand it if we were asking for an arm and a leg," said Mr Laverne Daniels, a driver picketing outside the pokey Dallas Greyhound depot.

A block away, up on the 34th floor of a mirror skyscraper, Mr Curry, Greyhound's president, has taped a picketer's sign to his office door. In big red capital letters it reads "DROP DEAD FRED."



A few months later he snugged up Trailways, a much smaller bus company he once managed, for \$80m to form Greyhound a virtual monopoly of US long distance bus services.

Now called Greyhound Lines Inc, the bus business is owned 22 per cent by Mr Curry, 18 per cent by Mr Fred Curry, the Wall Street

LETTERS

Shock treatment in the boardroom

From Mr Edgar Palmomäki, Helsinki.

Sir, Your editorial ("Reforms in the boardroom," May 3) calls for comment from the Wider Share Ownership Council, an organisation which can claim to speak for at least some of the shareholders out of whose pockets the bonuses or payments to executives are made.

What we have been witnessing is the development of a false market, the artificiality of which is not disproved by its international extension.

This involves the supply of competent executives would not be diminished by a reduction in their price - say to the relative levels of 1980.

If one major country did this, there would be a transitional upheaval, and the other

countries would then fall into line. A shock to the system is the only way to re-establish market forces in anything other than the long term.

How might this be done in the UK?

To expect it to be achieved by non-executive directors or remuneration committees is demonstrably and predictably futile.

What is required is for one leading company to set an example. If such a company announced that its semi-autonomous chairman was receiving a salary of £50,000 and its managing director one of £150,000, the effect would be dramatic.

The balance of their rewards should consist of income and capital growth derived from a

(preferably large) holding of the company's shares.

This would have another desirable side-effect of putting them in the same boat as members of the employee share scheme which such an enlightened company would undoubtedly have.

Only the salary figures would, of course, be published.

The sense of outrage engendered by the situation which you describe - together with its presumed effect on wage demands - would be largely, if not wholly, eliminated.

Edgar Palmomäki, Chairman, Wider Share Ownership Council, Jacon House, 94 St Paul's Churchyard, EC4

Oxfam inquest 'needs fresh blood'

From Mr Ansel Harris.

Sir, You report (April 28), that the Charity Commission is to investigate whether certain Oxfam campaigns involve "undue political activity."

As recently as March this year, the commissioners found that an article in the Middle East published in Oxfam News "offends the guidelines laid down by the Courts and published in the Commissioners' leaflet on political activities by charities."

These investigations are both costly and worrying, as is the fact that only 55 per cent of its gross income of £20.8m in 1988-89 was devoted to its overseas aid programme; a performance far below its supporters' and the public's perception.

Last year's white paper, *Charities: A Framework for the Future*, pointed out that charity funds "are clearly in the public domain" - they also receive tax benefits "estimated at over £500m."

This new investigation, the fourth in five years, is to be conducted by a member of the commission's staff who was actively engaged in the previous ones.

Would it not be more appropriate for a commissioner to conduct this new inquiry?

Or better still, that an outside member of the legal profession be appointed to investigate the matter afresh and objectively?

Ansel Harris, (Honorary Treasurer, Oxfam, 1980-90), 23 Ferncroft Avenue, London NW4

Investment trust share-buying

From Mr Nicholas Prouse.

Sir, As the manager of 12 investment trusts and as the latest investment trust savings plan used by more than 7,500 investors each month, I was taken aback by Mr O'Shea's statement (Letters, April 25) that promoting investment trust shares is "inherently fraudulent and potentially fraudulent."

We are acting as responsibly and honourably as the market of any investment product and no more "unethically and fraudulently" than the marketing staff of the leading unit trust manager with which Mr O'Shea is associated.

We would point out our industry manages assets of around £15bn with its shares valued at £15bn. Savings plans last year attracted around

£50m. About 75 per cent of investment trust shares are owned by institutions but this source is dropping off.

Many such institutions now have their own expertise and sponsor rival products but are willing suppliers of trust shares to new purchasers.

With the stockholding industry often inaccessible, investment trusts, almost alone among quoted companies, are actively wooing the individual investor.

The Securities and Investment Board regulatory system should be encouraging and not, as Mr O'Shea suggests, stifling this trend.

Nicholas Prouse, Director, Fleming Investment Trust Management Limited, 25 Capital Ave, EC2

Covent Garden priorities

From Mr M.D. Varcoe-Cocks.

Sir, I doubt if many of your readers' employers provide them with free office space or facilities for their spouses, lovers or friends, so Jeremy Isaacs is hardly "limiting" first-night tickets at Covent Garden by not providing them with free tickets for their companion or hat ("The Threepenny Opera," April 28).

It remains to be seen whether this £40,000 saving will enable Royal Opera House caterers to provide patrons, who may have spent £196 for a pair of tickets, with something better than cheap disposable plastic spoons with their coffee!

M.D. Varcoe-Cocks, 2 Brackenbury Road, W6

The risk of banking on an alternative to interest rate control

From Professor David T. Llewellyn.

Sir, Samuel Brittan ("No philosopher's monetarism," April 29), is correct in arguing that it is ultimately through interest rates that monetary and credit aggregates are controlled, and that alternative policy mechanisms cannot circumvent this.

It is a dangerous illusion to believe that, in a deregulated financial regime, there is any simple policy technique that can improve the trade-off between interest rates and a target level of money supply.

The focal point to monetary control is demand for credit.

Mr Brittan notes that proposals have been made, certainly not for the first time, to impose cash ratio requirements on banks and for the Bank of England to conduct its operations by referring to the "monetary base" (MB) supply.

The deductive logic in this proposal is that, with the MB determined by the size of the Bank of England's balance sheet, the bank can determine the size of the MB through its transactions in gilts, the foreign exchange or money markets.

In fact, therefore, the bank could operate by setting a target for the MB which is con-

sistent - through a reserve ratio requirement - with the target level of a monetary aggregate.

However, in any country with an efficient interbank market, the technique used by the central bank always affects commercial bank behaviour via prevailing interest rates.

The imposition of a minimum cash ratio by the Bank of England would be equivalent to a call for special deposits. This would involve a hiding-up of interbank rates to the level needed to induce banks to undertake an appropriate contraction of credit. Only the route through which

the required level of interest rates is attained is altered by the bank's technique.

It is ultimately the impact of interest rates on the demand for credit that is the route of monetary control.

If the interest rate necessary to achieve a given money supply target is unacceptable under the bank's current operational regime, it will be equally unacceptable under any alternative regime because that level is indeterminate of the policy regime.

D.T. Llewellyn, Department of Economics, Loughborough University, Loughborough

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UK COMPANY NEWS

Markheath set to clinch £69m engineering takeover

End of Camford battle in sight

By Jane Fuller

THE BATTLE for control of Camford Engineering, the motor components maker sitting on some interesting property, seems to be all over but the shouting.

Markheath Securities, the property company and an investment vehicle for the Australian conglomerate Adelaide Steamship, increased its stake to 48.5 per cent yesterday. It also said it had acceptances for a further 1.5 per cent.

The final offer of 39p per share, valuing Camford at £69m, closes on Friday. Before launching its bid, initially at 30p per share on March 1, it had built up a stake of nearly 30 per cent over about two years.

Markheath, which made a pre-tax profit of £11.7m in the year to March 1989, has a market value of about £67m on yesterday's closing price of 54p.

The battle for Camford has been a heated one. Markheath has sniped the strings on a golden parachute arrangement for Camford directors and raised its eyebrows at share purchases by Camford's associates.

Camford has described the final bid as "unbearable and completely inadequate," and suspected that Markheath only loved it for its property.

Yet by yesterday, Mr Paul Bobroff, Markheath's managing director, had cooled it. He was on the brink of wanting to work with those people.

In the first offer document, Mr John Spalvins, the Australian businessman who chairs Markheath, said it wanted Camford because "its underlying value and prospects were not fully reflected in the share price," which was 244p just before the bid and 210p in February.

Camford's engineering business was not the main reason for Markheath losing patience as an investor. Camford had increased its pre-tax profit from £1.5m to £5.5m in the five years to September 1989 and during the bid battle produced a forecast of more than £2m for this year.

That said, it is a low margin business (last year's turnover was £12m), although its close relationship with its three big customers - Rover, Ford and General Motors - lends security. Rover and GM each has a 5 per cent stake in the company.

Last year, 96 per cent of the sales were in the UK and this was one of Markheath's lines of attack as it pointed to the increasingly international nature of the car industry.

But the argument has centred on assets, notably a 21-acre site by Stewage railway station which Camford is just vacating. When Camford made a planning application concerning this site in early 1988, its book value was virtually nothing.

Mr Brian Cox, Camford's chairman, said it was this move which triggered the attention of the property fraternity.

Now the site is valued at £25.5m and the plan is for it to be sold for redevelopment as a business park. Altogether Camford's properties, including other tracts in Bedford and near Cambridge, have been revalued at £43.42m.

With Camford confessed residents at the property development game, Markheath had long pressed for a place on the board to bring its expertise to bear on such asset management issues. It was repeatedly rebuffed.

Apart from the revaluation, which gave pro forma net assets of £39p per share, Camford promised an annual property dividend of 15p a share for the next three years. With an engineering dividend of 3.8p, this gave a prospective yield for the current year of 9.6 per cent on the final offer price.

See last



Paul Bobroff - managing director of Markheath

of the property fraternity.

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See last

B&C aims to present survival plans soon

By David Owen and Terry Dodsworth

BRITISH & Commonwealth Holdings is aiming to present its eagerly-awaited survival plan to institutions and representative bodies next week.

The financial services group said yesterday that it was "well-advanced in the preparation of proposals relating to its affairs".

At the same time the Bank of England has sought to discourage moneybrokers which have approached it from speculating on B&C's survival, the moneybroking business which is widely regarded as the jewel in B&C's crown.

B&C said that it believed its proposals would be "in the best interests of all parties" and strongly recommended that "no precipitate action be taken which could damage the formation and agreement of these proposals".

The announcement appeared to be designed to relieve rising pressure from certain shareholders for the immediate winding up of the company.

A private meeting of holders of £250m worth of 7 1/2 per cent convertible loan stock has been arranged for next Tuesday. A number of these investors, described this week as "a small splinter group" by individuals in the B&C camp, argue that B&C's problems are likely to deepen the longer it is kept together.

It is believed that the meeting may take steps to demand immediate repayment of the stock by marshalling the 20 per cent vote required under the security covenants.

Among the group's prime concerns is that £164m worth of redeemable preference shares from Caledonia Investments might be redeemed before the 7 1/2 per cent convertibles are repaid.

Mr Robert Hall, a non-executive director of B&C, said Caledonia, received in 1987 in part-payment for the sale of most of the group's 31.5 per cent stake in B&C, are guaranteed by a syndicate of banks including Barclays, Royal Bank of Scotland and Hong Kong and Shanghai Banking Corporation.

Astra offshoot fails to impress bankers and is nearing collapse

By Tim Dickson in Brussels

PRB, the Belgian munitions business owned by Astra Holdings, seemed close to collapse last night after a rescue plan tabled by management failed to impress its main bankers.

The company, which employs 1,500 people at five factories, was granted a two-week breathing space on April 19 when Astra and Société Générale de Belgique, PRB's previous owner, struck a surprise deal to try to work out a survival strategy.

This followed weeks of acrimony during which the UK group alleged that it had been misled about PRB's profit potential.

PRB yesterday formally asked a Belgian commercial court for protection from its creditors. A decision will be given on May 10. But Générale de Belgique, which said it was also speaking on behalf of the

other main creditor bank, Banque Indosuez Belgique, said last night that there was little possibility of it supporting the proposals.

A senior employee of the bank said he had not seen PRB's final plan but on the basis of presentations on Thursday afternoon "it does not look very exciting".

He added: "The figures look reasonable but it is impossible to tell whether they are correct or not. They will have to give us good reason to think they are not just mathematical."

As well as the financial question marks the bank was concerned that the plan as of Thursday night did not contain any provision for a new industrial partner.

"The industrial dimension is equally important for us," the employee stressed. "The contri-

bution made by Société Générale de Belgique in this regard is very limited."

Observers last night were not ruling out new developments over the weekend, traditionally a time for surprises in Belgium, but PRB's options appear limited. The emergency credit facilities which Générale de Belgique and Banque Indosuez Belgique advanced two weeks ago became repayable at midnight last night and in the absence of new developments the company will probably be put in default on Monday.

Générale de Belgique hinted, meanwhile, that in the event of a liquidation it would "reimburse" Astra of a letter of comfort which it provided at the time of the PRB purchase last September apparently promising to monitor the company's financial affairs. "Astra can't walk away from this."

Stanley Miller share deals halted

By David Owen

TRADING in the shares of Stanley Miller Holdings was suspended at 30p at the building contractor's request yesterday, pending clarification of the company's financial position.

The shares had closed on Thursday at 50p. Just under a year ago, they were trading in excess of 300p.

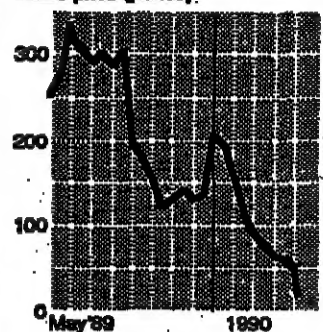
The Newcastle upon Tyne-based company had no immediate comment on the move. Staff at its head office said that a board meeting had been scheduled for late yesterday.

In March, the company issued a statement saying that it was unaware of any reason for the movement of its share price other than general market conditions and reaction to two recent announcements.

The company had previously anticipated 1989 results and the intention of North Eastern Investment Trust to dispose of its 29.9 per cent stake in the

Stanley Miller

Share price (pence)



group. The results statement warned that profits would fall "considerably short of" year-end estimates.

"The directors understand that the results of the appeal against the compulsory purchase order relating to the land

required for the Newcastle Quayside Development are expected to be known during the latter half of April 1990," the March statement added.

Last September, the group described the £10m development (in partnership with Shearwater Property Holdings) as "the jewel in our crown".

In the six months ended June 30, 1989, the company made pre-tax profits of just £22,000 on turnover of £27.8m. Mr Colin Powell, chairman, blamed the poor performance on high interest rates and heavy losses in Scottish construction activity which culminated in the sale of the business.

In the company's 1988 accounts, amounts due to creditors are put at some £16.4m. The company has recently changed financial advisers following what Baring Brothers described as its resignation over personality issues.

BAT raises further \$110m selling Ivey's

By Nikki Tait

BAT INDUSTRIES, the tobacco-based conglomerate, has sold Ivey's, a US retail subsidiary, to Dillard Department Stores for \$110m.

Ivey's has 23 department stores in the Carolinas and Florida, and became a subsidiary when BAT acquired Marshall Fields in 1982. Earlier this year, announcing its own figures, BAT said that the chain had returned to a small profit in 1989, having made losses in the previous year.

Dillard operates a 168-strong regional group of department stores in 16 states. It said it would incorporate the Ivey's chain into existing operations. Dillard was one of the unsuccessful bidders for the US retail chain which was sold to Investcorp for \$15m.

BAT announced plans to sell its four US retail chains as part of a broader restructuring plan, designed to ward off the threat from Sir James Goldsmith's consortium Goldsmith, which last month finally evaporated.

Buyers for the other two

businesses, Freeman and Marshall Fields, have already been announced. In total about \$2.5m has been raised.

BAT is also on target to complete the sale of the series of asset sales and disposals announced last September by mid-year. The British group is expected by the middle of May, and the Wiggins Teape demerger gets underway next week, when the final details are published.

Only the sale of Horton, the West German retail business, is likely to fall in the latter half of 1989.

Delyn hit by interest costs

Profits before tax of Delyn Packaging fell from £761,000 to £610,000 for the 53 weeks ended February 4. Sales increased by £2.1m to £11.7m but interest charges surged from £33,000 to £55,000.

Earnings emerged 1.35p lower at 5.01p. A final dividend of 0.46p makes a 1.9p (1.45p) total.

Intercare to join USM and buys medical supplier

By Vanessa Houlders

Intercare Group, an optical and dental business, is moving from the Third Market to the USM. It is also buying the North West Ostomy Group, which distributes medical supplies to chemists and hospitals. The £565,000 deal is making an open offer to shareholders of 1.1m shares at 56p.

Intercare announced pre-tax losses of £108,000 (£200,000 profit) for the year to October 31. There was a loss per share of 1.9p (4.9p earnings).

Bid for Rbt Horne goes unconditional

The £154.1m offer by the Dutch Ruhrmann-Tetterode group for Robert Horne, the UK paper merchant, has been declared unconditional.

Acceptances were received in respect of 97 per cent of ordinary and 80.3 per cent of the 'A' ordinary. Elections for the partial share alternative were in respect of 26.1 per cent of the aggregate value of the offers for the two classes.

Petrocon buys Doows for £1.6m

Petrocon Group has acquired Doows Engineering and Gorseline Group for a conditional aggregate consideration of up to £1.6m.

To satisfy the initial consideration and to provide other financial and working capital, Petrocon plans to raise £25.5m, net of expenses, through an eight-for-17 rights issue at 41p per share.

Doows designs and produces a range of modular jacketed pipe systems and related products. Pre-tax profits for 1988/1989 was £108,000.

Gorseline is involved in gas leakage detection, pipe surveying and pipeline machinery production. It made £107,000 pre-tax in the 53 weeks to February 3 1990.

Coloroll shares fall on fears of refinancing problems

By Clay Harris, Consumer Industries Editor

SHARES in Coloroll yesterday fell to a low of 8 1/2p after a report that the heavily indebted household products group was having difficulty in arranging a refinancing package.

Coloroll's market value last night of £18.1m compares with debts estimated at £140m. Its shares are now worth only 5 per cent of what they were a year ago. Yesterday they closed for the first time below their nominal value of 10p.

Coloroll said only that it was in "discussions with a number of parties potentially interested

in participating in a refinancing of the company, although the form of refinancing has yet to be decided."

The Coloroll board will meet on Tuesday, in a regular weekly session to hear a financial update from SG Warburg, its merchant bank. Coloroll's advisers suggested last night that next week's meeting was unlikely to be decisive.

Mr Robin Hall, a non-executive director of Coloroll, said the company was meeting all interest payments as they fall due. Mr Hall, managing director of CIB Venture Managers,

also denied that the Coal Board Pension Funds (of which CIB is part) had been approached with or turned down any refinancing package. The Coal Board funds own 5 per cent of Coloroll.

At the current share price, any rights issue would have to be accompanied by a scheme of arrangement, requiring court approval, to reduce the 10p nominal value of existing shares. Although this would be an added complication, it should not in itself prove an insuperable hurdle to a refinancing package.

See last

Prosecutions ruled out in Acatos dealing probe

By Nikki Tait

THERE WOULD be no prosecutions as a result of its inquiry into possible insider trading in the shares of Acatos & Hutchinson, a small edible oils group, the Department of Trade and Industry said.

It confirmed that letters to this effect had been sent to solicitors involved in the case. This is a departure from the normal practice of the department, which normally declines to comment on the progress and outcome of insider trading inquiries unless further action is taken.

The inquiry came to light last year, and became linked to the troubled situation at Throgmorton Trust, the large investment trust, and Framlington, its fund management subsidiary.

It centred on the sale of shares by Acatos directors in March 1988, ahead of the publication in May of interim results which showed a small profit. The three executive directors and Mr Bob Seabrook, then chief executive of Throgmorton and a non-executive at Acatos, denied any wrongdoing.

The news, however, compounded the problems of Throgmorton and Framlington fund management businesses, where management styles had already clashed.

Earlier this week, Credit Commercial de France, the French banking group, announced that it was buying a 25 per cent minority stake in Framlington from Throgmorton, with a view to lifting this to 51 per cent in a year's time.

Burmah expands further in Europe

BURMAH OIL, the chemicals and fuels group, has acquired Optimal Oilsver Industries, a specialist Munich-based lubricants manufacturer, for DM25m (£19m), write David Owen.

The deal is the latest in a string of European acquisitions made over the past decade by Burmah's wholly-owned Castrol subsidiary. The group said that

it represents an important step in its strategy of penetrating the industrial lubricants market.

The purchase is to be funded from existing facilities. The bulk of the consideration (approximately £15m) is payable on a deferred basis, with the final instalment due in 1994.

Optimal, the principal business of which is the manufacture and supply of greases to the automotive and other manufacturing industries, has an annual turnover of more than £18m and employs 175 staff. About a third of overall sales are exported to east and west Europe and North America.

Greene King buys 87 Ind Coope pubs

GREENE KING, the East Anglian brewer, is to buy 87 pubs from Ind Coope, part of the Allied Lyons group, for £15.25m, writes Philip Rawson.

Most of the pubs are in Kent, Surrey, and along the route of the M25 from Sussex to Oxfordshire - areas in which Ind Coope feels it is over-represented.

The cash deal, which is expected to be completed before the end of July, will increase the size of Greene King's pub estate to about 840.

Mr Timothy Bridge, managing director of Greene King, said yesterday: "We have been expanding our trading area to cover the south-east of England."

Further pub acquisitions would probably be made as the brewery gradually extended its free-trade business into new areas, he added.

Ind Coope will now expand south of the Thames. In return, Greene King will buy an agreed amount of Castlemead XXXX lager from Allied.

William Cook mergers referred to the MMC

By Robert Rice, Legal Correspondent

THE ACQUISITION by William Cook, the Sheffield-based steel castings group, of Lloyds (Burton) from Triplex Lloyd, the industrial engineering holding company, has been referred to the Monopolies and Mergers Commission for investigation.

Mr Nicholas Ridley, Trade and Industry Secretary, has also decided on recommendation from Sir Gordon Borrie, Director General of Fair Trading, to refer William Cook's acquisition of the Paramount Foundry at Braintree, Essex, from Lake and Elliott Industries, and the purchase of Armada Steel Works, West Lothian, from Mr Kerry Pecker's Australian National Industries.

William Cook bought Lloyds (Burton) from Triplex in January for up to £26m cash. The deal was funded by a 3-for-10 rights issue at 25p which rose £13.1m net. Triplex retained Lloyds tube spinning business.

The purchase of the Armada foundry from North British Steel's parent company, Aurora, the Sheffield-based engineering company owned by ANI, for an undisclosed price in March prompted calls from Labour MP Mr Tam Dalyell for it to be investigated by the Office of Fair Trading.

Aurora announced in February that it was closing the foundry with the loss of 170 jobs. William Cook made it clear it was buying the West Lothian plant to remove some equipment, patterns and records. Mr Ridley has referred the acquisitions to the MMC on the grounds of their possible anti-competitive effect on the UK market for steel castings.

William Cook has been growing rapidly in recent years, both organically and by acquisition. Last year it bought George Blair, a steel founding and engineering company, for £15.5m, and Blackett Hinton, a steel castings company, for £1.5m.

It is now by far the largest steel castings producer in the UK and Lloyds (Burton), although having less than 10 per cent of the UK market, was nevertheless its principal competitor.

There is considerable dispute over the size of its market share, however, because of the significant level of imports in the steel castings market.

William Cook takes the view that although it is the largest UK producer, the level of imports is at least as great as the level of UK production and that this prevents it from building up a dominant position.

The OFT appears to believe, however, that although the level of imports is substantial (somewhere between 25 and 50 per cent of the market) it falls a long way short of William Cook's claims. It is hampered in its efforts to discover the true level of imports because there are no statistics relating to the import of steel castings as such. When steel castings are imported they are categorised in terms of the finished product, such as valves or engineering parts.

The OFT denies that there has been a change of policy in

relation to niche markets in recent months. Sir Gordon's policy has always been that if a merger produces a high concentration of market share in a particular market, the size of the market is irrelevant, it says.

The increase in the number of references in relation to niche markets is, however, adding to the considerable pressure the MMC finds itself under. Already this year there have been 15 references of which the William Cook acquisitions and the Ransomes bids for the Cushman Group and for Westwood, the garden tractor manufacturer, fall into the smaller niche market category.

Last year the MMC completed 24 reports, including reports into the supply of beer, credit cards and petrol. Many of the reports on mergers concerned large well known companies - Minorco/Consgold, GEC and Siemens/Plessey -

but it also dealt with an increasing number of smaller mergers in small markets.

Among these were Tiphook and Trailertent, which concerned competition in the motor trailer market. Michelin Tyre and National Tyre Service, concerning competition in the UK market for the distribution of replacement tyres, Atlas Copco and Desoutter Brothers, involving competition in the power tools industry, and Hillsdown Holdings and Pitar Garmar, which concerned overlap in the market for treatment of raw sheepskins prior to tanning.

Other smaller mergers included Glyndwed International and JS & S Lee, which concerned the supply of tempered steel strip used in the manufacture of saws and hand tools, and Brodrene Hartmann and Lurgan Fibre, which concerned the packaging for moulded pulp egg packaging.

Dividends announced

Current payment Date of payment Current dividend Total for year Total last year

BMS £ -fin 2.51 June 27 2.26 4.75 4.75
Boot (Henry) -fin 15 - 12 21 17.5
Celsco -fin 1.45 - 1.2 1.2 1.2
Delyn Packaging -fin 1.45 - 1.9 1.45 1.45
Euroconway -int 6.5 May 30 5.5 - 16
Forward Group £ -fin nil - 2.1 1 3.1
Guinness Mahon -int 0.8 - 0.8 - 0.8
Lloyds -fin 0.75 July 13 0.75 0.75 0.75
Spear (NW) -fin 7.51 - 2.5 7.5 2.5

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue. 10p capital increased by rights and/or acquisition issues. US\$M stock. \$£ quoted stock. 9th March market.

Henry Boot rises 37% to £5.4m

By John Thornhill

HENRY BOOT, the Sheffield-based group of builders, lifted pre-tax profits by 37 per cent as it benefited from selective property developments and increased rental values.

Pre-tax profits in 1989 advanced from £3.9m to £5.35m even though sales declined to £136.13m (£131.1m restated).

No dividend profits breakdown was published at this stage.

However, the company said that its construction companies - which account for the bulk of its business - had experienced a successful trading year increasing both sales and profitability.

During the year, Boot was awarded contracts for new projects including the construction of the Ca' d'Oro building in Glasgow and has now been contracted to convert the Athenaeum building into offices.

The company has a relatively slight exposure to private housebuilding, which accounts for only about 10 per cent of its total business.

But this division saw its sales decline by about a third although the average selling

price of houses increased.

The group's property investments benefited from increasing rents and this trend is expected to continue throughout 1990.

Mr Jamie Boot, managing director, said: "It is very difficult to see how the current year is panning out."

The housebuilding side will be difficult, the development side is still down, but the bulk of our turnover comes from building and civil engineering which is going reasonably well."

Earnings per share were strongly ahead at 66.1p (50.5p). The board is recommending a final dividend of 15p which will bring the total to 21p (17.5p), an increase of 20 per cent.

COMMENT

Henry Boot sounds like the kind of character that would appear in an Evelyn Waugh novel, but the wonderfully named company manages to provide its own kind of light relief in the form of its results which were greeted in the City by a 17p rise in the share price to 45p. As other builders teeter and totter on the edge of oblivion, Henry Boot seems to march on regardless. But these buoyant figures are somewhat misleading as the previous year's figures were depressed by loss-making activities in railway engineering and overseas which have subsequently been sold. The sale of these activities helped strengthen the company's balance sheet and the company is also

backed by strong assets of about 65p per share. The wide spread of Boot's activities will help shelter it in the current year but those few analysts that cover the company are not expecting much advance on last year's outcome. On a prospective multiple of around 6.5, Boot is worth looking at but it might first pay to scrutinise the financial fine print that the company only releases in its annual report.

LEGAL NOTICES

IN THE MATTER OF

TENBY INDUSTRIES LTD

- and -

IN THE MATTER OF

THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was presented on the 25th day of March 1990 to the Hon. Mr Justice Goff for the winding up of the company known as TENBY INDUSTRIES LTD, a company registered in England, No. 214,000,200 to £1,100,000.</

INTERNATIONAL COMPANIES AND FINANCE

Rewe offers to acquire stores of troubled Co op

By Andrew Fisher in Frankfurt

REWE ZENTRAL, West Germany's biggest food retailing group, has made an offer for the 1,850 stores of Co op, which used to be one of the country's foremost food retailers before collapsing into heavy losses.

The company put no price on its offer, which Co op is studying. A final decision will be made at the supervisory board meeting on May 14.

Co op has held talks with other concerns, but said Rewe's offer was the most comprehensive.

Co op plunged into difficulties at the end of 1988 when an expansion produced a mountain of debt and a highly con-

trolling management and ownership structure.

The majority of its shares are held by Deutsche Genossenschaftsbank (DG Bank) and Bank für Gemeinwirtschaft (BfG). In October, creditor banks agreed to write off DM1.1bn of debt, cut Co op's share capital and inject DM500m of new funds through a capital increase guaranteed by DG Bank and BfG.

The two German banks were left with most of the shares after the others turned down their rights this January. Rewe said its offer was actually made to DG Bank as the biggest creditor.

Co op said yesterday its oper-

ating loss totalled about DM250m last year, down from DM870m in 1988. This year it hoped to make a DM150m profit.

Rewe, which has an annual turnover of about DM200m and functions broadly as a co-operative, said it did not intend to take over Co op's debt. Co op, with a turnover of DM111m last year, employs 46,000 people at its supermarkets, do-it-yourself and other outlets.

Rewe will sell any newly acquired Co op stores in areas like Frankfurt, where it is already represented, giving preference to independent store groupings like Spar and Edeka.



Albert Frère, an avid acquisitions merchant

Frère wins top job at Petrofina

By Lucy Kellaway in Brussels

MR Albert Frère, one of Belgium's most powerful businessmen, has succeeded in his long-running ambition to be nominated chairman of Petrofina, the country's big oil group.

The new appointment could mean that Petrofina, which has previously concentrated on internal investment for the bulk of its growth, could become more aggressive. The company has already started on a policy of expansion, promoting younger and more international managers, covering the range of a big international oil company.

Some analysts expect that Petrofina will use its cash flow more actively, although others doubt whether there will be any marked change, noting that at 64 Mr Frère is not likely to attempt anything too radical.

Mr Frère, a steelmaker from the depressed town of Charleroi, is an avid acquisitions merchant best known for the transformation of Groupe Bruxelles Lambert into a holding company with large stakes in big international industrial and financial companies.

For a decade he has wanted to be chairman of Petrofina, a task that initially met the firm resistance of the company's directors, who were of the view that the company should continue to be given to independent rather than financial managers from the outside.

Mr Frère's interest in Petrofina started in the early 1980s when GBL started acquiring a large stake. Following an elaborate share swap with Société Générale de Belgique, another large shareholder in Petrofina, GBL emerged with a 35 per cent stake to become the group's most powerful investor.

Mr Frère will replace the retiring Jean-Pierre Verwilt, who will become honorary president. Viscount Davignon, president of La Générale, will also become a member of the board.

Court delays ruling on Bell stake

By Kevin Brown in Sydney

AUSTRALIA'S National Companies and Securities Commission failed yesterday to win an interim injunction preventing the registration of a 14.9 per cent stake in Mr Alan Bond's Bell Group by Mr Robert Maxwell, the UK newspaper publisher.

A federal court in Western Australia delayed judgment on the commission's application until next Wednesday, leaving Mr Maxwell several days to register the shares if he wishes.

Mr Arthur McHugh, NCSC executive director, said the

commission would drop its application if the shares were registered before Wednesday. However, it would ask the court to prevent Mr Maxwell disposing of the shares until an investigation of recent dealings in Bell was completed.

Mr McHugh said the NCSC could also return to court seeking an order vesting the shares in the commission for resale in the market.

He added the NCSC did not object to Mr Maxwell, owner of Mirror Group Newspapers in the UK, whose target is thought to be Bell Group's

profitable West Australian newspaper. However, the commission's acquisition of the shares because, it claims, they are part of a parcel acquired in breach of Australia's takeover code by Mr David Aspinall, a director of Bell Group, who bought 16.7 per cent of Bell in the market last week.

The commission says Bell is an associate of Mr Bond's Bond Corporation Holdings, which owns 74.5 per cent of Bell. Under the code, shareholders owning more than 19.9 per cent of a company cannot

acquire more than a further 5 per cent without launching a full bid.

Mr Aspinall denies the code was breached. Mr Stephen Archer, representing him in court in Perth yesterday, said the NCSC appeared to have proceeded with "indecent haste" on the basis that a breach had been committed.

"We wish to make it entirely clear that there is no such admission, but that there is an express denial that there has been a breach of the code," Mr Archer said.

BSN lifts Italian pasta profile

By William Dawkins in Paris

BSN, the French food group, yesterday took a majority stake in the country's highly fragmented pasta market to 9 per cent.

BSN said it had always appeared indispensable to the group to have a significant part of the Italian pasta market and to be able to use its distribution networks to export an Italian brand across the whole of Europe.

BSN, already Europe's second largest pasta supplier, is disclosing no price for the purchase, from three private shareholders.

It nearly doubles the French company's 5 per cent share of the country's highly fragmented pasta market to 9 per cent.

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BSN, already Europe's second largest pasta supplier, is disclosing no price for the purchase, from three private shareholders.

holding company. This is one of several links between the two companies, which exchange shareholdings in each other through another Agnelli family holding company - in 1987.

The addition of Agnelli to BSN's existing Italian pasta company, makes the French group Italy's largest single pasta producer after Barilla, an independent company which holds 20 per cent of the market, and ahead of Buitoni, a Nestlé offshoot which has a 5 per cent market share.

Klöckner in DM540m rights plan

By Andrew Fisher

KLOECKNER-WERKE, the West German steel and engineering company, plans to raise DM540m (360m) through a one-for-two rights issue at ML180 a share, to bring its capital up to the level of other companies in its sectors and increase financial flexibility.

Mr Herbert Glensow, chief executive, said at yesterday's annual meeting that the internal growth would be augmented through the purchase of new companies.

Klöckner has built up its engineering and plastics operations to a level where they now employ 60 per cent of the workforce. In the mid-1980s they should produce a turnover of about DM7bn, twice the present level.

In the financial year in September 1989, Klöckner lifted operating profits to DM270m from DM180m a year earlier, having recovered from a level of only DM1m the year before when it was hit by the bankruptcy of the Maxhütte steel plant in Bielefeld in which it had a nearly 50 per cent stake. That year was DM7.2bn against DM4.1bn.

Mr Glensow said the operating result was particularly strong in steel, with a four-fold jump to more than DM200m from DM70m. He was optimistic that the internal growth would be augmented through the purchase of new companies.

Mr Glensow said the operating result was particularly strong in steel, with a four-fold jump to more than DM200m from DM70m. He was optimistic that the internal growth would be augmented through the purchase of new companies.

Group profits continued to rise in the first half of 1989-90 and dividends, not paid for 15 years, will be resumed this year.

Mr Glensow said shareholders would benefit from tax-free distributions as a result of past capital write-downs, although not in the first year of renewed payouts.

De Benedetti tightens Amef grip

By Haig Simonian in Milan

THE PENDULUM in the battle for Mondadori, Italy's leading publisher, swung further in Mr Carlo De Benedetti's favour yesterday following the twice-postponed shareholders' meeting of Amef, the holding company which owns a majority of Mondadori's ordinary shares.

After changes to Amef's articles, which give shareholders boardroom representation in proportion to their stakes, the new board elected yesterday substantially strengthens Mr De Benedetti's hand while weakening that of Mr Silvio Berlusconi, the Italian media entrepreneur.

Mr De Benedetti's CIE holding company now has three Amef board members, alongside three appointed by the court, which has sequestered a

key share package owned by the Formenton family. The disputed ownership of the Formenton's stake triggered the Mondadori battle.

Although shareholders linked with Mr Berlusconi held the balance on the 12-member board, CIE is encouraged by the fact that the court-appointed chairman carries a double vote in the event of a split.

"Today, we got what we worked for for five months," said Mr Corrado Passera, one of Mr De Benedetti's key lieutenants.

The changes at Amef will considerably strengthen CIE's position in the continuing talks over a Mondadori settlement while putting further pressure on Mr Berlusconi.

Two potential solutions are being discussed at Mondadori, the Milan-based merchant bank which has taken a central role in reconciling the two parties.

The first involves a split of Mondadori's interests, with Mr De Benedetti taking La Repubblica, the top-selling daily newspaper and weekly news magazine, as well as a chain of regional papers.

In return Mr Berlusconi would gain the group's publishing and advertising activities.

The second option is for Mr Berlusconi to withdraw completely from the group. However, neither solution has so far proved acceptable, with the size of payments involved being the obstacle.

Norton registers sharp profit fall in first quarter

By Martin Dickson in New York

NORTON, the US abrasives manufacturer which recently accepted a \$2m friendly takeover bid from Saint-Gobain of France, yesterday reported a 34 per cent drop in net income for the first quarter.

Net income from continuing operations fell to \$17.2m or 26 cents a share on sales of \$414m. This compares with earnings of \$26.5m or \$1.25 on sales of \$388.2m in the same period last year.

The company remains optimistic about the second half. STG, the British company which had its hostile bid for Norton topped by Saint-Gobain, yesterday extended its offer until May 25, in case the French deal should hit unexpected problems.

Two legal firms to merge ahead of French reforms

By William Dawkins in Paris

TWO medium-sized Parisian legal firms have announced plans to merge, in what is claimed to be the first significant joint venture to anticipate a radical reform of the French legal profession, due to take effect next year.

The two firms are S.G. Archibald, a 15-partner US legal counsel, and Courtois Boucley Lebel, a firm of advocates with 10 associates. Mr Eugene Fournier, a partner in Archibald, said combined annual fee income would be about FF212m (\$31.2m), putting the group among the top three locally owned legal firms in Paris.

The merger will take place after the introduction of reforms, being debated in the current session of the French Parliament. The proposals

were put forward by Mr Pierre Arpailange, the Justice Minister, as a step to making the French legal profession more competitive against the big US and British practices which have invaded a French market typically supplied by sole practitioners.

Archibald and Courtois believe competition will be further intensified by an ECU directive making it easier for lawyers to set up offices in other Community countries.

The most important reform, adopted as government policy by the Council of Ministers last November, would create the division between legal counsels, who mostly work in commercial law and may not appear in court, and advocates, who plead in court as well as give advice.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year on year	High 1989	Low 1989
Gold per troy oz.	\$370.25	-0.25	\$377.25	\$420.25	\$268.00
Silver per troy oz.	\$306.90	+3.05	\$336.70	\$323.50	\$302.15
Aluminium 99.7% (cash)	\$1,490	-15	\$2,200	\$1,655	\$1,380.0
Copper Grade A (cash)	\$2,488	-15	\$2,500	\$2,500	\$2,400.0
Lead (cash)	\$2,488	+2	\$2,477	\$2,477	\$2,413.0
Nickel (cash)	\$81.28	+25	\$181.50	\$102.25	\$90.75
Zinc 99.95% (cash)	\$1,115	-15	\$1,177.5	\$1,155	\$1,055.0
Tin (cash)	\$24,415	-7.5	\$10,485	\$7,020	\$2,180
Cocoa Futures (Jul)	\$2,128	+28	\$2,111	\$2,084	\$2,022
Coffee Futures (Jul)	\$118.00	-0.50	\$118.00	\$118.00	\$118.00
Sugar (LDP Raw)	\$374	-0.00	\$374	\$374	\$374.0
Barley Futures (Sep)	\$112.48	+3.30	\$112.48	\$112.48	\$112.48
Wheat Futures (Jul)	\$111.00	-0.10	\$111.00	\$111.00	\$111.00
Cotton Outlook A Index	\$4,000	-0.10	\$4,000	\$4,000	\$4,000.0
Wool (44 Super)	\$57.00	-0.00	\$57.00	\$57.00	\$57.00.0
Oil (Brent Blend)	\$16.475	-0.75	\$16.475	\$16.475	\$16.475.0

Per tonne unless otherwise stated. *Unsettled. *Preliminary. *Cents to 2. *June

London Markets

SPOT MARKETS

Credit oil (per barrel FOB) + | 0.00 |

Dubai Brent Blend \$14.13-14.15 | -0.28 |

WTI (1 pm est) \$14.08-14.10 | -0.80 |

Oil products | |

(NVE prompt delivery per tonne CIF) + | 0.00 |

Premium Gasoline \$24.416 | -2 |

Gas Oil \$24.416 | -2 |

Heavy Fuel Oil \$24.416 | -2 |

Naphtha \$24.416 | -2 |

Petroleum Argus Estimates | |

Other | |

Gold (per troy oz.) \$370.25 | -0.25 |

Silver (per troy oz.) \$306.90 | +3.05 |

Platinum (per troy oz.) \$484.75 | +3.50 |

Palladium (per troy oz.) \$1,010.00 | +2.50 |

Aluminium (per metric tonne) \$1,490 | -15 |

Copper (US Producer) \$2,488 | -15 |

Lead (US Producer) \$2,488 | -15 |

Nickel (free market) \$81.28 | +25 |

BASE METALS - LONDON (per tonne)

Base Close | Previous | High/Low |

Aug \$25.40 | \$25.40 | \$25.40/\$25.40 |

Oct \$25.40 | \$25.40 | \$25.40/\$25.40 |

Dec \$25.40 | \$25.40 | \$25.40/\$25.40 |

White (99.95%) \$25.40 | \$25.40 | \$25.40/\$25.40 |

White (99.95%) \$25.40 | \$25.40 | \$25.40/\$25.40 |

White (99.95%) \$25.40 | \$25.40 | \$25.40/\$25.40 |

White (99.95%) \$25.40 | \$25.40 | \$25.40/\$25.40 |

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White (99.95%) \$25.40 | \$25.40 | \$25.40/\$25.40 |

White (99.95%) \$25.40 | \$25.40 | \$25.40/\$25.40 |

White (99.95%) \$25.40 | \$25.40 | \$25.40/\$25.40 |

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COCOA - LONDON (per tonne)

Close Previous | High/Low |

May \$84 | \$84 | \$84/\$84 |

Jul \$84 | \$84 | \$84/\$84 |

Oct \$84 | \$84 | \$84/\$84 |

Dec \$84 | \$84 | \$84/\$84 |

Mar \$84 | \$84 | \$84/\$84 |

May \$84 | \$84 | \$84/\$84 |

Jul \$84 | \$84 | \$84/\$84 |

Oct \$84 | \$84 | \$84/\$84 |

Dec \$84 | \$84 | \$84/\$84 |

Mar \$84 | \$84 | \$84/\$84 |

May \$84 | \$84 | \$84/\$84 |

Jul \$84 | \$84 | \$84/\$84 |

Oct \$84 | \$84 | \$84/\$84 |

Dec \$84 | \$84 | \$84/\$84 |

Mar \$84 | \$84 | \$84/\$84 |

May \$84 | \$84 | \$84/\$84 |

Jul \$84 | \$84 | \$84/\$84 |

Oct \$84 | \$84 | \$84/\$84 |

Dec \$84 | \$84 | \$84/\$84 |

Mar \$84 | \$84 | \$84/\$84 |

May \$84 | \$84 | \$84/\$84 |

Jul \$84 | \$84 | \$84/\$84 |

Oct \$84 | \$84 | \$84/\$84 |

Dec \$84 | \$84 | \$84/\$84 |

LONDON METAL EXCHANGE

Close Previous | High/Low |

Aluminium 99.7% (per tonne) \$1,490 | \$1,490 | \$1,490/\$1,490 |

Cash \$1,490 | \$1,490 | \$1,490/\$1,490 |

3 months \$1,490 | \$1,490 | \$1,490/\$1,490 |

6 months \$1,490 | \$1,490 | \$1,490/\$1,490 |

9 months \$1,490 | \$1,490 | \$1,490/\$1,490 |

12 months \$1,490 | \$1,490 | \$1,490/\$1,490 |

Cash \$1,490 | \$1,490 | \$1,490/\$1,490 |

3 months \$1,490 | \$1,490 | \$1,490/\$1,490 |

Market buoyant on poll outcome

UK STOCKS gave a favourable reception to the outcome of the UK local elections yesterday, opening sharply higher and holding on to most of their gains throughout the session. Privatization stocks, including the water issues, were in good form as the market upgraded its views on the Government's re-election prospects. Traders reported some non-UK buying but overall turnover was moderate. The market closed 27 FT-SE points up but was disturbed in late trading by a sudden wave of nervousness over reported financial strains in the property sector.

With the Conservative ruling party facing better than pre-

which proved to be the day's best. Despite further Government success as a late election result was disclosed, equities made no further progress. Market activity faded somewhat as traders headed home early for the extended May Bank Holiday weekend.

The final reading showed the FT-SE 100 index at 2,162.2, a gain on the day of 27.3. This week has seen the equity market advance by 55.6 points (2.6 per cent), helped first by satisfactory trading news from ICI and then by the outcome of the local elections. As the index showed, most of yesterday's gain came from

the initial mark-up in share prices as traders correctly anticipated the response to the election results which were known before trading commenced. Seaq volume for the full day totalled 497.5m shares compared with 392.5m on Thursday.

The gilt-edged sector made a more decisive response to the election news, as bond analysts took the view that the result will strengthen the Government's ability to maintain its anti-inflation stance. Long-dated bonds moved up by around 3/4 points, and the shorter dated by just over one point. UK bonds were helped by the rise in US Federal bonds

on news of a smaller than expected rise in jobs in the US in April.

Despite yesterday's firm performance, the UK equity market remained nervous. Next Friday brings the UK Retail Price Index for April, which is widely expected to disclose an underlying annualised inflation rate of around 10 per cent. This could cause further uncertainty in the gilt-edged market. Tremors in the property sector towards the close of trading yesterday revived concern that the prolonged pressure of high domestic interest rates could cause further casualties among property development and construction companies.

British Gas lights the flame

A STRONG performance by British Gas followed the Conservative Party showing in the local government elections and a change of heart on the shares by BZW, the UK investment

leveraged property developers which, according to Pamure Gordon, the broking house, were never designed to withstand 15 per cent share rises, had an uncomfortable session.

Developer/trader Speyhawk was the most vulnerable stock, plunging to 89p before rallying to close the session 56p down at 100p. The stock, trading fractionally one of the biggest trading counters in the market, topped 12m yesterday.

Dealers said the shares were up and running from the outset with investors chasing the year's total of 10.5p, and trading counter in the market, topped 12m yesterday.

BZW's oil and gas team took Gas shares off its sell list "because the political worries have abated," and also because it is "returning to Gas's original management style which is making the group more customer responsive."

British Gas is scheduled to announce preliminary figures on May 31. BZW expects a final dividend of 7.5p, making a year's total of 10.5p, and is going for net income on an historic cost basis of 280m, against last time's 250m. On a current cost basis it estimates 270m against 260m.

There was also evidence, dealers said, that the regular US buying interest was noticeable by its absence.

A single large seller of Hanson kept domestic buyers more than supplied. Turnover reached 12m shares in busy trading. The shares eventually settled above the day's worst at 212 1/2p, a net decline of a penny. Dealers also mentioned concern over the performance in the US of Smith-Clayton, a unit of which had to be sold last year by Hanson.

British Airways continued a dismal week and ignored the strong performance of other

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FINANCIAL TIMES STOCK INDICES									
	May 4	May 3	May 2	May 1	Apr 30	Year Ago	1990	Since Completion	Low
Government Secs	75.95	74.89	74.27	74.51	74.13	86.85	84.20	127.4	48.18
Fixed Interest	85.35	84.74	84.59	84.37	83.80	87.59	82.81	105.4	50.53
Ordinary Share	1088.8	1078.0	1078.0	1083.5	1083.8	1770.9	1088.3	1053.9	208.6
Gold Mines	216.8	215.5	219.5	219.0	221.5	174.3	378.5	215.5	43.6
FT-SE 100 Share	2162.2	2134.9	2137.5	2117.9	2103.4	2132.8	2483.7	2103.4	45.4
Ord. Div. Yield	5.35	5.41	5.41	5.44	5.48	6.41	5.48	5.48	5.48
Earning Yld (%)	11.90	12.12	12.11	12.18	12.28	10.74	12.28	12.28	12.28
P/E Ratio (ind)	10.07	9.98	9.97	9.83	9.87	11.24	9.87	9.87	9.87
SEAO Barge & 40pm	20,327	18,245	20,174	19,515	21,821	34,315	20,327	20,327	20,327
Equity Turnover (m)	705.55	747.87	822.80	807.88	1178.81	1178.81	705.55	705.55	705.55
Equity Bargain (m)	17,828	20,169	18,439	21,694	37,023	37,023	17,828	17,828	17,828
Shares Traded (m)	354.7	368.8	322.8	282.0	523.9	523.9	354.7	354.7	354.7
Ordinary Share Index, Hourly changes	Day's High 1701.7	Day's Low 1685.0							
FT-SE 100, Hourly changes	Day's High 2162.2	Day's Low 2148.4							

GILT-EDGED ACTIVITY									
	May 4	May 3	May 2	May 1	Apr 30	Year Ago	1990	Since Completion	Low
Gilt Edged Bargains	82.3	78.3							
5-Day average	80.0	78.0							

TRADING VOLUME IN MAJOR STOCKS									
	May 4	May 3	May 2	May 1	Apr 30	Year Ago	1990	Since Completion	Low
AAV Group	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Admiral	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

figures. They closed at 270p for a gain on the week of 15p. The Water Package advanced 35 to 1140p. Commenting on the elections, Mr Chris Rowland of BZW said he remained "very positive" on the sector and that "once the politics become history, the sector has been rocked in recent months by fears that a Labour Party victory in a general election could herald substantial changes in policy towards recently privatised companies.

In much heavier than usual turnover there were good gains throughout the list of ten stocks. Severn Trent attracted the biggest turnover - 4.4m shares - with the stock closing 4 1/2p higher at 187p. Next on the list came Thames, the Footsie constituent, which could only manage a minor improvement 1/2p to 2.4m shares, while North West, also in the Footsie, added 4 1/2p to 148p on

2m shares. Yorkshire were prominent, closing 8 pence at 153p. The Water Package advanced 35 to 1140p. Commenting on the elections, Mr Chris Rowland of BZW said he remained "very positive" on the sector and that "once the politics become history, the sector has been rocked in recent months by fears that a Labour Party victory in a general election could herald substantial changes in policy towards recently privatised companies.

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WEEK IN THE MARKETS

Opec emergency talks backfire

THE EMERGENCY meeting of the Organisation of Petroleum Exporting Countries appeared yesterday to have backfired as oil prices continued to decline.

The meeting in Geneva was called with the aim of propping up prices following the big drop since the end of March. Opec's 13 oil ministers agreed to cut 1.45m barrels a day from April output levels of 23.5m b/d - but the markets were unimpressed and immediately marked prices down by about 70 cents.

At mid-session yesterday the New York Mercantile Exchange June futures contract for West Texas Intermediate crude was trading at \$17.84 a barrel, more than \$1 below the week's high of \$18.90 at the close on Tuesday.

The fall in prices has taken Opec by surprise. Yesterday, Mr Hassan Nasr, the Saudi Arabian minister, said he had already given instructions for the Saudi cut of 430,000 b/d. "I do not understand the negative reaction of the market."

After the meeting delegates said the agreement was the best that could be expected, and that bigger cuts might draw too much crude out of the system. All 13 members had agreed to cut at least some production, including those already producing below their

quota levels. However, analysts remain sceptical of the agreement's likely impact on crude inventories. Even if the cuts are carried out it would still be six weeks before they affected the over-supplied market.

"It's like putting a band-aid on a major haemorrhage," one New York analyst said.

Gold fell below \$370 a fine ounce on the London bullion market on Monday after a two-day rally.

Selling. Traders are analysts suggested that the fall was mainly due to the lack of activity in the market because of holidays in Japan and Europe. The holidays, including May Day and Japan's Golden Week, have also kept other markets quieter than usual.

"There has been a confidence of holidays," Baster, Ramond, the Passover - which has more or less prevented normal bullion trading since the March 26 collapse, said Mr Andrew Smith of UBS Phillips & Drew.

Trading and volatility in the gold markets are in any case well down following the March retreat. Not only have speculators and investors disappeared, but dealers themselves have been reluctant to take significant positions. However, gold regained \$370 an ounce on

Wednesday and closed yesterday at \$370.25, a fall of just 25 cents on the week.

On the LME, copper provided the only surprise of the week when the cash price jumped by nearly 200 a tonne as traders were caught in an options related squeeze, lifting the cash premium over three-

month metal to \$196 a tonne from \$188.50 on Monday.

The unexpected 7,525-tonne fall in the LME's copper stocks, coupled with the continuing strikes in Peru, provided traders who had options to sell copper at \$2,800 a tonne (\$1,707) with an incentive to push prices up to that level, analysts said.

The squeeze led to the LME calling in traders' dealing cards yesterday for scrutiny by senior members of the secretariat. The exchange wants to satisfy itself that the high premiums registered for copper for delivery in mid-May were the result of genuine supply tightness and not manipulation.

Ironically, the LME has only just introduced reporting of stocks twice weekly in the hope of reducing price volatility. Yesterday copper stocks rose by 6,050 tonnes to 61,200 tonnes, still a very low level.

However, workers at Southern Peru Copper, ordered back to work earlier this week by the Peruvian Government, ended their 53-day strike yesterday. By the close on the LME cash copper was down 50p to \$1,632.50 a tonne, a rise of only 27p on the week.

Aluminium prices drifted lower throughout the week, with traders watching the three-month price carefully. A break below the \$1,500-a-tonne level could signal a drop to \$1,450 a tonne, they believe. In the event, three-month aluminium closed yesterday at \$1,508.50 a tonne, down \$14.50 on the week.

Cash zinc reached the highest levels for 6 1/2 months on Tuesday (\$1,725.50 a tonne) on a squeeze on LME June supplies and forthcoming labour talks at Cominco's Trail lead/zinc smelter. But it failed to hold that level, closing yesterday at \$1,755 a tonne, a fall of \$1.50 on the week.

David Blackwell

On Friday

On the week

On the week

On the week

On the week

On the week

On Friday

On the week

On the week

On the week

On the week

On the week

On the week

On the week

LEAGUARDS		BENCHMARK GOVERNMENT BONDS							
December 29 1989 based on July 1 1989									
		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago	
UK GILTS		10.000	4/90	91-30	+29/32	13.49	13.49	13.78	13.18
Stores	-12.30	10.500	5/90	88-28	+57/32	12.86	12.86	12.18	12.18
Advertising & Media	-12.47	9.000	10/90	91-30	+29/32	13.49	13.49	13.78	13.18
Consumer Group	-12.58								
Building Materials	-12.77	8.500	02/90	87-30	+59/32	12.88	12.88	12.08	12.08
US TREASURY *		8.500	02/90	87-30	+59/32	12.88	12.88	12.08	12.08
		8.500	02/90	90-11	+30/32	9.85	9.85	9.03	8.84

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تأليفه في الأصل

US MARKETS (3pm)

	May 6	
143	May 6	226
144	May 6	226
145	May 6	226
146	May 6	226
147	May 6	226
148	May 6	226
149	May 6	226
150	May 6	226
151	May 6	226
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WORLD STOCK MARKETS

AMERICA

Equities remain subdued despite small rise in jobs

Wall Street

US GOVERNMENT bond prices soared yesterday in a euphoric reaction to much better-than-expected April employment statistics, but the equity market gave a much more muted response by mid-session, fearing that the figures could point to a slowing of profits growth, writes *Martin D. Smith* in New York.

The employment statistics showed non-farm payroll employment growing by 64,000 in April, well below the consensus forecast of a 84,000 rise, suggesting that the economy is growing at a slower pace in the second quarter than in the first three months of the year.

These figures removed the market's fears, which had been mounting this week, of a tightening of monetary policy by the Federal Reserve Bank, and suggested that inflationary pressures might be abating. Bonds rose sharply across the yield curve, with shorter-dated issues leading the way and, midway through the session, the benchmark 30-year Treasury bond was up 1½ at 96½ to yield 8.32.

However, equity prices

remained subdued and mixed in moderate trading. Analysts noted that the statistical evidence of recent weeks on economic growth was very mixed and they feared that the trend suggested latest employment figures could work through into lower profits growth.

Stocks started modestly ahead, but as the negative interpretation of the employment data sunk in, prices began to drift lower. At 2 pm, the Dow Jones Industrial Average was unchanged at 2,686.17. Advances outnumbered declines by 749 to 548 and volume was moderate, with only 90m shares changing hands by early afternoon.

Among featured stocks, Wal-Mart Stores, the fast-growing retailer, saw its price recover ¼ to 55½ in the wake of Thursday's 1½ drop, which was set off by news that its April sales grew by only 7 per cent, following on from a similar decline in the first quarter of this year.

The growth was well below its normal trend. Dillard Department Stores, the Arkansas-based chain, kept 1½ to 57¼ in the news that its 130 stores in the Carolinas and Florida, from BAT Industries of the UK for \$110m.

Kemper, the Chicago financial services group, dropped ¾ to 34¼ on the news that a former executive with one of the company's units had won a \$32.2m award in an arbitration over a contract dispute. The company said that it would take a \$19.5m charge.

Coca-Cola advanced ¼ to 77½ after the company won a contract as primary soft drinks supplier to the Hardee's restaurant chain. It was the company's second big contract win this week, following on from Burger King's decision to move its account from Pepsi to Coca-Cola.

Canada

HOPES THAT interest rates would fall helped Toronto rise by mid-session in fairly quiet trade. The composite index added 8.8 to 3,355.5 on volume of 12.8m shares. Advances led declines by 221 to 168.

The news that Bloomingdale's was no longer for sale prompted some investors to buy Cameau in the belief that Mr Robert Cameau might be regaining control, while other investors were thought to be trying to short sell the stock. Cameau rose 28 cents to \$15.25.

CHICAGO'S

Midwest Stock Exchange, the leading US regional market, has taken a progressively larger bite out of New York's trading business over the last 10 years, but it has not put on any airs. It is aware that its success is in the number of trades, rather than in the sheer volume of shares transacted, true to the American midwestern character, it considers itself the top "little guy's" market.

While big trades occur in Chicago, small retail orders have been the bulk of increased trading volume. "We want to be the McDonald's of stock exchanges," says Mr Roger Hendrick, vice president for corporate marketing at the MSE. Like the hamburger chain, Midwest aims to be faster, cheaper and more consistent than its competitors.

The strategy appears to be working. Last year, the MSE reached a record 4.3m trades and moved up to take 10.4 per cent of the total trade volume in the United States. The 1989 market share for New York (including the New York Stock Exchange and the American Stock Exchange) fell to 69.2 per cent. In 1980, the MSE had claimed only 3.5 per cent of the total trade volume and New York 85.4 per cent. Of the MSE's 2,289 listed issues, the bulk are also New York listings.

The key cause for the migration of trading to Chicago is cost. The general slump in the

securities industry since the 1987 crash has made all brokerage companies more cost-conscious. And comparisons for small orders make New York look unattractive. For example, a ticket of 500 shares at \$30 a share would cost just 95 cents to trade in Midwest, but \$3.03 in New York.

"Brokerage firms seeking lower exchange and 'specialist' fees are routing more small orders to the MSE," says Mr Hendrick.

Doing business is cheaper at the MSE because its 'specialists', who maintain a market in specific stocks, do not charge commissions. They must make their money in trading. The role of the specialist at Midwest is also different. They do not interact with retail orders, as they would in New York. Both limit and market retail orders are executed immediately on the MSE's state-of-the-art computer. The computer, hooked up to a national network, will give the best price available, be it from New York or Cincinnati.

This automated trade is not only faster for the completion and reporting of transactions than it would be in New York; in addition, it is cheaper and smoother price variations. Its advanced automation system has been licensed to the Amsterdam Stock Exchange and the Securities Exchange of Thailand.

Apart from speed and absence of commissions, the MSE gains cost efficiency by

gathering under one roof the Midwest Clearing Corporation and the Midwest Securities Trust Company, which are the country's second largest clearing and depository companies for equities, corporate debt and municipal bonds. The MSE also has depository links with the London Stock Exchange and

lists. Another large slice of Midwest's business comes from cross trades, when a broker can match both buyers and sellers in transactions. Clean cross trades - through a single broker - are accomplished more easily in Midwest, according to Mr Jack Stone, chief of

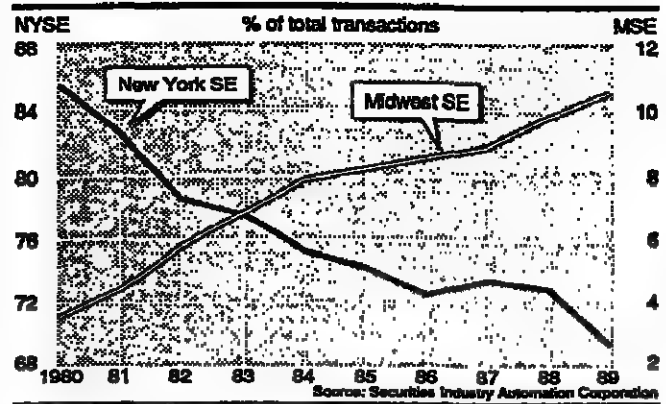
the independent floor brokers, who often represent several of the large brokerages.

With more knowledge about who is doing what, they can put cross trades together more easily. And, unlike New York, where brokers compete more heavily and tend to try to block crosses, the more relaxed brokers at the MSE work together.

This difference in personalities aids a "cater to the customer" philosophy at the MSE. If needed, brokers will cancel trades for customers, something New Yorkers are unlikely to do. "We're not the big boys on the block so we're more willing to do things that are helpful to the customer," says Mr Hendrick.

There are, however, some drawbacks and criticisms of the MSE. Specialists in New York have an average of 10 times the capitalisation of the MSE counterparts. This means, says one New York broker, that MSE specialists "are not in there making the market" and it is harder for them to handle larger orders.

New York - the primary market where big blocks of shares tend to be traded - still retains the bulk of US share volume. It accounted for 84.1 per cent of total share volume last year, while the MSE accounted for 5.6 per cent. Reflecting New York's importance and prestige, a seat there costs 10 times as much as it does on the MSE.



the Paris Siovan Depository.

The MSE is the largest of five regional stock exchanges in the US; the others are Boston, Philadelphia, Cincinnati and the Pacific Stock Exchange in California. Regional competition for trades is seen as healthy for trading companies and investors, who otherwise would be dealing with a monopoly market in New York. "We are an institution that keeps the big boy on his toes," says Mr Joe Dempsey of Dempsey & Co, MSE specialist

trading at Rodman & Renshaw brokerage in Chicago. This is true for several reasons. New York can sometimes become clogged with orders, and buyers and sellers who prefer not to wait for those ahead of them in the queue can agree to take their trade to the MSE, where there are fewer, if any, before them.

In addition, leading brokerage houses do not keep their own floor brokers at the MSE; this makes for greater concentration of information among

EUROPE

Metalworkers' settlement underpins Frankfurt rise

MOST BOURSES improved yesterday, but West Germany's move from fragile to emphatic recovery was the most outstanding trend of the day, and of the week, writes *Chris Morris* in Frankfurt.

FRANKFURT continued its upward career, with rises of 12.45 to 803.91 in the FAZ index, and 31.10 to 1,912.88 in the DAX, leaving them respectively up 4.5 and 4.8 per cent on the week. Volume was reported to be high.

Domestic and foreign investors in both the equity and bond markets were cheered by

group of which BfG is a big shareholder. Bayerische Vereinsbank put on DM13.50 to DM285 on good results for the first quarter of 1990.

PARIS ended slightly up, as profit-taking and selling of Thomson-CSF pulled the CAC 40 off their mid-morning highs. Thomson fell FF13.50, or 0.3 per cent, to FF121 on heavy volume of 782,600 shares after the analysts' meeting on Thursday afternoon, at which it was reported that 1990 profits would fall because of reduced military expenditure.

Hachette gained FF26 to a year's high of FF140 in active trading; the publisher said this week that it expected a strong rise in 1990 net profits. The company is reducing its gearing substantially, by selling Paris office blocks and looking to diversify other assets.

Kuro Disneyland added another FF1.40 to FF103.20 with 549,545 shares traded, after Thursday's news that it would expand its Paris-based Magic Kingdom, due to open in 1992.

The CAC 40 index rose 3.69 to 2,012.64, after hitting a high of 2,116.36. The index picked up 1.8 per cent over the week. Turnover was estimated at FF12.2bn to FF12.3bn.

AMSTERDAM was underpinned by a strong domestic bond market and gained 0.33 in moderate trading. The CBE tendency index rose 0.5 to 116.8, leaving the market slightly higher on the week. Philips, which fell sharply after its profits announcement on Thursday, lost another FI 1.50 to FI 32.40 in the day's most active trading. This, however, was a fairly steady performance after further falls in New York overnight, said one observer, adding that the stock was likely to drift for a while.

There were other banks which did better. A & M, half-owner of Bank für Gemeinwirtschaft (BfG), rose DM45 to DM790, up DM50 over the past three days, as a takeover came for the troubled Co op retail

FI 1.70 higher at FI 49.80. DAF continued its slow recovery, edging up 50 cents to FI 30.80 after its annual meeting. The truck maker said that it was cancelling some evening shifts to bring stock levels down. VNU, the publisher, rose FI 1.20 to FI 83 on reports that the six-month strike at its London business magazine arm had ended.

MILAN's Comit index showed a rise of 5.49 on the day, and 1.8 per cent on the week. The publisher, rose FI 1.20 to FI 83 on reports that the six-month strike at its London business magazine arm had ended.

Stet lifted the telecommunications sector, itself included, with a jump of 1.22 to 1,501. In banking, Mediobanca rose LFr 70 to LFr 520, which usually indicates foreign interest in the market.

ZURICH took courage from a strong week, and gained 0.83 on the view that insurance shares were overvalued. Participation certificates (PCs) in the insurers gained most, with Zurich Insurance PCs up SF1.80, or 7.7 per cent, at SF11.85. The Credit Suisse index rose 0.8 points to 566.7 on the day - and 2.7 per cent on the week, which also saw the insurance index up 6.8 per cent at 933.

STOCKHOLM was encouraged by gains in domestic credit yields. The Affarsvarlden General index rose 2.8 to 1,160.7, barely changed from the previous Friday's level. Ericsson rose Bagn 3.87 to Bagn 3.87 on optimism about its quarterly results, to be announced on Tuesday, and on speculation about an order.

MADRID ended at its day's high, with the general index up 1.45 to 275.22, a rise of 1.1 per cent on the week. VIENNA rose again on moderate foreign buying; the house index added 9.42 to 647.09. OSLO slipped as North Sea oil prices weakened, bringing a series of gains to a 1.82. The all-share index lost 1.72 to 804.64.

ASIA PACIFIC

Seoul rallies again as hopes of stability grow

SOUTH KOREA's stock market continued its strong recovery yesterday, with the composite index rising by 31.81 points to 783.33 and closing an extremely volatile week 4.8 per cent higher. The market's latest stabilization fund will be launched next week and that the industrial relations climate will improve, writes *John Ridd* in Seoul.

In the last three trading days, Korea's market has moved more than one-third of the 30 per cent fall sustained since its peak in April last year.

All but three of the 13 subsidiaries of the Hyundai Group are working normally again after strikes which followed the storming of the Hyundai shipyard by riot police at the end of last month. A company official said that he expected the remaining disputes to be resolved next week.

Unilever at Hyundai Motor Company, South Korea's largest automobile manufacturer, which struck in protest at the police action against the Hyundai Shipyard, yesterday voted to return to work on Monday.

Investor sentiment was also buoyed by the Government's apparent commitment to crack down on the real estate speculation which has diverted funds from the stock market. Analysts said that, although fundamental economic concerns such as inflation and weak exports remained unchanged, investor sentiment had improved. They said further recovery in the market

was expected next week in the run-up to the official convention of the Democratic Liberal Party, the new ruling party formed in January through the merger of the former ruling party and two of the three opposition parties.

TAIWAN staged a technical rebound after five consecutive losses, the weighted index rising 12.43 to 5,634.70 on bargain-hunting, but closing 11.3 per cent lower on the week. Concern remained about the political situation, after protests as the country's President Lee Teng-hui offered the premiership to a four-star general.

Defence Minister Hau Pei-tsun on Wednesday. There were rumours that investors associated with the ruling Nationalist Party were buying to support the market.

ALBANIA eased in quiet trading after three days of gains, as interest rate worries subsided. The All Ordinaries index lost 6.7 to 1,451.2, ending slightly higher over the week. Barrick Mines fell another 25 cents to 90 cents after Thursday's news by Mr Dennis Morgan, the founder, that he was placing his 51 per cent stake in the mining house on the market. The share price

lost 30 cents on Thursday. Elders DXL continued to gain ground in the day's most active trading, adding 2 cents to A\$1.67. Elders accounted for 4.68m of the total volume of 50.87m shares, valued at A\$113.5m, compared with Thursday's 85m and A\$226m.

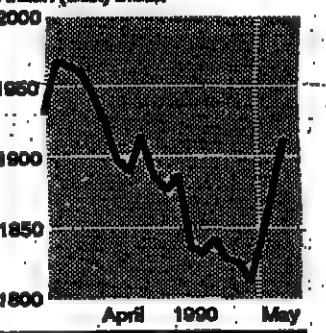
SINGAPORE rose on demand for Malaysian and property stocks, with the Straits Times Industrial index gaining 15.99 to 1,479.88, recording a small gain over the week. Volume picked up to 53m shares from 43m on Thursday, with foreign institutions said

to be taking an interest again. Singapore Land, the target of a takeover offer from UIC, was the busiest stock, ending unchanged at S\$14.80.

KUALA LUMPUR advanced, with bargain-hunters lifting the composite index 11.20 to 531.33. THAILAND also rose, with interest focusing on financial and small speculative issues. The SET index gained 6.52 to 882.97 in active trading. HONG KONG slipped in slightly better turnover than the previous day. The Hang Seng index fell 7.54 to 2,946.97, a decline on the week of 1.3 per cent.

W.Germany

Akden (Dax) Index



the breakthrough in metalworkers' wage and working hours negotiations in the last week of North Baden-North Württemberg; analysts were hoping that the employers' organisation, Gesamtmetall, would agree to take this as the basis of a national compromise at its meeting today.

The sectors in question, engineering, steel and carmakers, all did well yesterday. In addition, banks were stronger after a drop of 13 basis points in the average bond yield to 8.90 per cent. Deutsche Bank, scoring a rise of DM10.50 to DM105, was

There were other banks which did better. A & M, half-owner of Bank für Gemeinwirtschaft (BfG), rose DM45 to DM790, up DM50 over the past three days, as a takeover came for the troubled Co op retail

FT-ACTUARIES WORLD INDICES

Jointly compiled by: The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 3 1990				WEDNESDAY MAY 2 1990				DOLLAR INDEX			
	US Dollar Index	Day's Change %	Pound Sterling Index	Day's Change %	US Dollar Index	Day's Change %	Pound Sterling Index	Day's Change %	1989 High	1989 Low	Year ago (approx)	
Australia (61)	129.81	+0.7	117.13	+1.4	129.81	+0.7	117.13	+1.4	129.81	125.85	126.06	
Austria (19)	129.81	+1.2	117.13	+1.4	129.81	+1.2	117.13	+1.4	129.81	125.85	126.06	
Belgium (61)	129.81	+0.3	117.13	+1.4	129.81	+0.3	117.13	+1.4	129.81	125.85	126.06	
Canada (12)	129.81	+0.2	117.13	+1.4	129.81	+0.2	117.13	+1.4	129.81	125.85	126.06	
Denmark (34)	129.81	+0.8	117.13	+1.4	129.81	+0.8	117.13	+1.4	129.81	125.85	126.06	
Finland (28)	129.81	+0.8	117.13	+1.4	129.81	+0.8	117.13	+1.4	129.81	125.85	126.06	
France (125)	129.81	+1.5	117.13	+1.4	129.81	+1.5	117.13	+1.4	129.81	125.85	126.06	
West Germany (63)	129.81	+2.0	117.13	+1.4	129.81	+2.0	117.13	+1.4	129.81	125.85	126.06	
Hong Kong (48)	129.81	+0.2	117.13	+1.4	129.81	+0.2	117.13	+1.4	129.81	125.85	126.06	
Ireland (28)	129.81	+0.4	117.13	+1.4	129.81	+0.4	117.13	+1.4	129.81	125.85	126.06	
Italy (28)	129.81	+0.7	117.13	+1.4	129.81	+0.7	117.13	+1.4	129.81	125.85	126.06	
Japan (45)	129.81	+0.1	117.13	+1.4	129.81	+0.1	117.13	+1.4	129.81	125.85	126.06	
Malaysia (35)	129.81	+0.3	117.13	+1.4	129.81	+0.3	117.13	+1.4	129.81	125.85	126.06	
Mexico (13)	129.81	+3.5	117.13	+1.4	129.81	+3.5	117.13	+1.4	129.81	125.85	126.06	
Netherlands (45)	129.81	+0.8	117.13	+1.4	129.81	+0.8	117.13	+1.4	129.81	125.85	126.06	
New Zealand (17)	129.81	+1.6	117.13	+1.4	129.81	+1.6	117.13	+1.4	129.81	125.85	126.06	
Norway (25)	129.81	+1.3	117.13	+1.4	129.81	+1.3	117.13	+1.4	129.81	125.85	126.06	
Singapore (28)	129.81	+0.1	117.13	+1.4	129.81	+0.1	117.13	+1.4	129.81	125.85	126.06	
South Africa (50)	129.81	+0.1	117.13	+1.4	129.81	+0.1	117.13	+1.4	129.81	125.85	126.06	
Spain (42)	129.81	+1.1	117.13	+1.4	129.81	+1.1	117.13	+1.4	129.81	125.85	126.06	
Sweden (35)	129.81	+0.5	117.13	+1.4	129.81	+0.5	117.13	+1.4	129.81	125.85	126.06	
Switzerland (55)	129.81	+0.2	117.13	+1.4	129.81	+0.2	117.13	+1.4	129.81	125.85	126.06	
United Kingdom (306)	129.81	+0.1	117.13	+1.4	129.81	+0.1	117.13	+1.4	129.81	125.85	126.06	
USA (537)	129.81	+0.8	117.13	+1.4	129.81	+0.8	117.13	+1.4	129.81	125.85	126.06	
Europe (985)	129.81	+0.8	117.13	+1.4	129.81	+0.8	117.13	+1.4	129.81	125.85	126.06	
Nordic (118)	129.81	+0.8	117.13	+1.4	129.81	+0.8	117.13	+1.4	129.81	125.85	126.06	
Pacific Basin (60)	129.81	+0.1	117.13	+1.4	129.81	+0.1	117.13	+1.4	129.81	125.85	126.06	
Europe Pacific (115)	129.81	+0.1	117.13	+1.4	129.81	+0.1	117.13	+1.4	129.81	125.85	126.06	
North America (657)	129.81	+0.3	117.13	+1.4	129.81	+0.3	117.13	+1.4	129.81	125.85	126.06	
Europe Ex. UK (673)	129.81	+1.3	117.13	+1.4	129.81	+1.3	117.13	+1.4	129.81	125.85	126.06	
Pacific Ex. Japan (206)	129.81	+0.4	117.13	+1.4	129.81	+0.4	117.13	+1.4	129.81	125.85	126.06	
World Ex. US (1038)	129.81	+0.4	117.13	+1.4	129.81	+0.4	117.13	+1.4	129.81	125.85	126.06	
World Ex. UK (208)	129.81	+0.4	117.13	+1.4	129.81	+0.4	117.13	+1.4	129.81	125.85	126.06	
World Ex. So. Af. (2315)	129.81	+0.4	117.13	+1.4	129.81	+0.4	117.13	+1.4	129.81	125.85	126.06	
World Ex. Japan (1921)	129.81	+0.5	117.13	+1.4	129.81	+0.5	117.13	+1.4	129.81	125.85	126.06	
The World Index (2376)	129.81	+0.4	117.13	+1.4	129.81	+0.4	117.13	+1.4	129.81	125.85	126.06	

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W German engineering union wins 35-hour week

By David Goodhart in Bonn

AFTER more than a decade of battle, I G Metall, the West German engineering union, yesterday won a 35-hour week for 4m workers in the metal and electrical industries.

The union has thus leapfrogged the recent deals won by groups of British workers and set a target for union negotiators throughout the industrialised world.

The union, which had been threatening to step up strike action in pursuit of its demand for an 8.5 per cent pay rise and a two-hour reduction in working time, has, however, had to accept a phase-in period of more than five years for the hours reduction.

In a deal reached early yesterday for the North Westphalia area, which is likely to be a model for the metal industry, the union won a 6 per cent pay rise over one year starting from June 1, supplemented by two special one-off payments amounting to DM450 (£162). West German inflation is running at just under 3 per cent.

The current working week of 37 hours, down from 40 hours in 1984, will be reduced to 36 hours on April 1 1993, and then to 35 hours on October 1 1995.

Mr Franz Steinbrücker, head of the 2.6m strong union, greeted the breakthrough in negotiations as "an impressive victory without ifs or buts."

But Mr Helmut Haussmann, the Economics Minister, said that the concession on shorter working time was "the wrong signal."

The package is likely to be endorsed by the union executive but may still run into difficulties with the national employers body which is meeting today.

The smaller, more militant, employers who combine the organisation in the north and west may try and force a stand.

The employers did, however, win some concessions. It was agreed that 18 per cent of the workers in a plant would be allowed to work a 40-hour week if they volunteered to do so.

The employers also resisted union attempts to force a national reduction in overtime and ban on Saturday working.

The deal was more generous than the Concord in the north and Bundesbank had wanted, but a 6 per cent pay element had been expected.

The five year phase-in of the 35-hour week is now likely to set the pattern for other big bargaining groups such as the printers, currently in dispute, and the chemical workers.

Manx Government to look again at investment bank's collapse

IoM bows to pressure over SIB

By Sue Stuart and Ian Hamilton Fazey

THE Isle of Man Government yesterday bowed to mounting pressure and agreed to the publication of two secret reports into the collapse of the Savings and Investment Bank in 1982 with £42m belonging to more than 3,000 depositors.

The island's executive council of ministers - the Cabinet - also decided to make a statement on Tuesday week in Tynwald, the Manx parliament, about compensating depositors for their losses.

Tynwald will then also be asked to request Sir Laurence New, the island's Lieutenant Governor - the Queen's representative as head of state of the self-governing Crown dependency - to set up an independent commission of inquiry.

It would examine the steps taken to investigate the bank's

collapse and look into the procedures which led to the failed prosecution of those charged with criminal responsibility. The commission would report on whether action taken was adequate and timely.

The trial of eight owners, managers or agents of the bank facing charges, including conspiracy, fraud and false accounting, was dismissed last week because of the eight-year delay in bringing the action.

The two secret reports, which are severely critical of the role of the Manx Government of 1982 and some of its officials, were central to defence submissions about unacceptable delays.

Parts read in court revealed that there were no proper systems for controlling and policing the banking sector and that there was "sloppy day

to day administration." Quarterly returns had shown the bank to be insolvent in February 1981, but the Manx Treasury did nothing.

The trial was the first public airing of the criticisms and there have been growing demands since for full disclosure of the reports' contents.

The Government is free to publish one report - by the Bank of England into the way the island supervised its finance industry - because it is its own report.

The second report belongs to the Manx High Court and is by the Manx Government in 1982 to investigate the affairs of the bank after initial inquiries had revealed prima facie evidence of criminal offences. In the absence of a formal report on the island, it was the basis for

the prosecutions after help had been sought in 1986 from the London metropolitan police.

The Manx Government now has to apply to the High Court to release the report for publication.

A decision to offer ex gratia compensation to depositors would defuse their political impact. Mr Thomas Field-Fisher QC, the acting depute (judge) brought in from the UK to try the case, recommended the Government use some of the money saved by not having a trial for compensation.

Since the bank collapsed, the Isle of Man has set up a Financial Supervision Commission staffed by professionals which has largely restored confidence in the island's now fast-growing financial sector.

Not a taxing poll for the market

FT index rose 20.2 to 1,896.8

Rebased

It has been a sunny week for the London equity market, but not before time. Last week was characterised by lousy trade figures and the Midland Bank profit warning. This week saw heartening figures from ICI and a not wholly awful result for the Conservatives in the local elections. After a brief dip below 2,100 on Monday, the market was plainly looking for reasons to correct an oversold position. But the FT-SE is still down 25 points over the last night; and next week could see a reversion to gloom, depending on whether the UK inflation figure is above or below the magic figure of 10 per cent.

Below the surface, there is a tussle going on at the individual stock level. The two worst hit sectors, leisure and property, both cracked badly two months ago. Ten days ago, some started to recover sharply. Brent Walker and Carlton Communications, for instance, are up 18 per cent and 12 per cent respectively (though still down heavily over the longer period). Others are still sliding: Mecca, down 60 per cent over two months and Speybank, which had halved up yesterday morning and then fell a further 25 per cent on the day. Other disasters yesterday included the property company London and Metropolitan - down 30 per cent - and the tiny building contractor Stanton Miller, down 60 per cent and then suspended.

All this goes to show that in terms of valuation, the domestic corporate sector is still trying to find bottom. Mr's results were the more welcome as a reminder that overseas earners are still holding up the domestic inflation data could be crucial. If a figure above 10 per cent is taken to mean double figure pay settlements, 12 per cent long gilt yields could be here to stay. If so, equities cannot make headway either.

Mr Warman, who like Mr Bannister earned £245,000 a year until a recent "voluntary" 30 per cent pay cut, last night said: "We are clearly very sad to be going but very proud of what we have achieved."

Mr Warman, 41, joined Charles and Maurice Saatchi three months after the company was set up in 1987. He had been working for the brothers for three months while still at another agency.

Mr Bannister, 44, joined the company two years later.

"No-one more embodied the spirit of the agency than those two," said one Saatchi executive, who asked not to be named.

The argument between Mr Louis-Dreyfus, brought in to bring a "fresh approach" to the troubled company, and his two fellow directors, has been going on for weeks. Mr Louis-Dreyfus wanted to return the advertising managerial skills back to the individual divisions.

Mr Warman and Mr Bannister believed passionately that it was vital to keep them with operational advertising experience at the heart of central management.

The restructuring would have meant that the two directors would have had only about one third of their present responsibilities.

Mr Louis-Dreyfus said yesterday: "I am sorry to see them go, but following the decision to re-deploy as much of the central talent as possible within the operations, no role could be found for Roy and Terry which satisfied them."

Mr Jeremy Sinclair, currently the group deputy chairman, will take responsibility for worldwide one of the two Saatchi networks.

Mr Warman and Mr Bannister were brought together as joint chief executives nine years ago after Mr Tim Bell brought in management psychologists to find his replacement before he left to join Lowe Howard Spink, another large UK-based advertising agency.

The two men were seen as possessing complementary skills.

The more action-orientated Mr Warman was responsible for media buying and planning, and the more analytical Mr Bannister looked after marketing and accounts. They had worked closely together until yesterday afternoon.

After nearly two decades of growth, Saatchi & Saatchi plunged into problems last year, and in November the company announced a fall in pre-tax profits to £61.5m in the year to September - an overall loss of £58.5m after tax, exceptional and extraordinary items.

Another long-standing Saatchi director resigned in November a few days before the publication of the end-of-year results.

One of them, Mr David Perring, had been with the company since its early days as a small London advertising agency.

FT index rose 20.2 to 1,896.8

Rebased

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102

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82

80

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Jan 1990

May

FT-SE 100 Index

Rebased

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Jan 1990

May

FT-SE 100 Index

Rebased

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Jan 1990

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FT-SE 100 Index

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Jan 1990

May

FT-SE 100 Index

Rebased</

Weekend FT

Weekend May 5/May 6, 1990

SECTION II



Left: This man is fighting famine. Elsewhere in Ethiopia they are just fighting

governments are reluctant to contribute. They worry the cash will be used to buy arms for the war. This, by the way, is the reason the Ethiopian Government gives for its regular bombing attacks on convoys. Weapons are secreted beneath sacks of food, Ethiopian officials claim. It is an accusation that is almost impossible to prove or disprove.

It is late January, and ERD's Simone Wolken is despairing at the paucity of vehicles. She is also wondering what has happened to the emergency committee's money. "We have been crying for trucks for half a year. No action has been taken that changes the picture tremendously," she says.

Inside Tigray the commitment, desperation and routine hard slog, integral components of any rescue programme, are sharply etched. The passage from the Sudanese border is beset with land mines and ambushes.

Before dawn caravans of battered trucks are already nestled under thorn trees, covered with torn sacks and tarpaulins to escape detection from the air.

Most of the food is distributed in towns under cover of darkness. Occasionally, remote mountain locations are considered safe from patrolling MIGs and distribution is done in the day. Hundreds of white-robed men and women wait silently on stony hillides. They have come to receive rations that allow 60 grams a day for adults and 250 grams for children from sacks concealed among the candelabra cacti. It takes two weeks to bring in 800 tons of grain by night. It will take another week to share it out among 80,000 patient recipients.

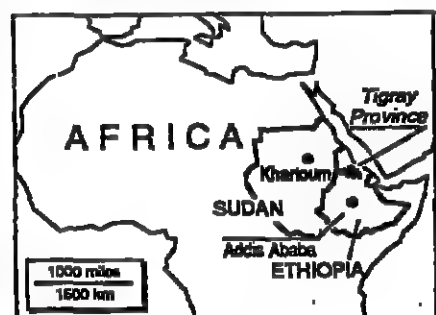
In spite of schemes like these, assistance from the international community is still not enough even though the emergency committee's money entered the system in February. REST has the capacity to transport 12,000 tons of food each month, but the pipeline is shrinking. More than 10,000 tons were handled in December. By February, as death stalked the land, the volume had been halved, although the flow picked up again in March.

By April, the race against time has become critical. Enough food has been committed to last until the rains begin in June. But additional food is needed to tide people over during the two months that the roads are virtually impassable.

In some communities one fifth of the people have already died. Houses stand empty and graveyards are filling up. There are orphaned families with children of seven roam the countryside in search of bitter wild grasses to feed their younger siblings. Worse still, REST officials are encountering hostility. REST field co-ordinator Teklewold Assen, an indefatigable worker, has persuaded farmers to stay on their land so they can plant seeds after the rains. But his assurances that help is on its way are wearing thin. There is a look of betrayal in the people's still eyes. REST officials feel betrayed too. In

Scorched earth: starved bodies

Mary Anne Fitzgerald on how a trickle of relief reaches Ethiopia's hungry in spite of war and political wrangling



500 grains distributed is noted and accounted for.

"I'm absolutely convinced that the internal programme is the main factor for keeping the people on their land and alive," says Stephen King, a CAFOD official who has just returned from Tigray. But there are glimmers of hope. Another \$4.5m for the internal purchase of grain has appeared from the coffers of non-governmental aid agencies. And another 10,000 tons of grain has been located within Tigray. USAID has promised \$5m to buy it. Oxfam and Save the Children Fund have committed 83 new trucks. However, the combined pledges of emergency rations still only amount to a tenth of the 340,000 tons still needed.

The British Government denies accusations from aid organisations that it has cut humanitarian needs with political ones. The Overseas Development Agency says that in March Lynda Chalker raised the question of cross-border food supplies with Mengistu. It says Britain has been providing food in two different ways from Tigray and across the border from Sudan. The agency added: "The issue has been how best to get food in and that's the issue we've been addressing."

Unfortunately all this is of little solace to those who are still dying of hunger.

small measure I understand the Tigrayans' determination to end the treadmill of deprivation and terror. I know how they feel because the frightened, tired woman in the nuns' vegetable garden was me. I was travelling through Tigray to see what happened to the pennies and pounds that the likes of us have given to help assuage this latest Ethiopian disaster.

Public attention was first drawn to the famine last November when newsmen Michael Buerk and Mohamed Amin of the BBC visited Tigray for 16 days, bringing back footage of malnourished children and MIG jets hunting food convoys. The three-part news story was aired on BBC TV this week after their return. But the first thing the two men did was to show pop singer Bob Geldof their film. Geldof relaunches the song "Do They Know It's Christmas" that was instrumental in raising so much money to staunch the 1984-85 famine. It reached the top of the charts and proceeds from the sales were given to the Disasters Emergency Committee which had already been established in early December. It is a consortium of five British charities - Oxfam, Save the Children Fund, CAPOD (Catholic Fund for Overseas Development), Christian Aid and the British Red Cross.

An appeal was launched through BBC

and ITN television, followed by newspaper advertising. On the first night the appeal was broadcast, about 285,000 calls in on 100 phone lines during the first 90 minutes. The response gained momentum on the second night with just under 230,000 being pledged. In all, the British public donated more than \$2.5m. "It would have been difficult to launch an appeal if there hadn't been any media coverage. The public has to be aware before it can respond. There's no doubt the BBC films helped," says Penny Jenden of Bond Aid.

With the traditional routes of access into Tigray from the ports of Massawa and Assab sealed off by heavy fighting, it was obvious that alternative ways to move emergency supplies would have to be used. The Disasters Emergency Committee turned its attention to REST, the rebel-run Relief Society of Tigray. Although REST was virtually unknown to the outside world, aid workers knew that it worked efficiently and tirelessly to transport and distribute food. The organisation was also running an excellent programme for soil and water conservation that mobilised thousands of farmers to dig drainage ditches and plant trees.

REST and aid agencies had warned of the impending famine as early as August 1988. Some two thirds of the crop deficit

had been caused by war, REST claimed. The British response was a welcome addition to food already pledged by USAID (United States Agency for International Development) and the European Community. The agency reckoned it could handle about 40 per cent of the 383,000 tons of food needed until the next harvest at the end of the year. REST already had 14,000 tons while another 76,000 had been pledged by donors. If the other 80 per cent at risk were to be fed, another 324 trucks would have to be found from somewhere. There was still a long way to go.

The scene moved to a sparsely office in a dusty street in Khartoum, the capital of Sudan. The Emergency Relief Desk, a consortium of European church-run aid organisations, is one of the agencies that monitors the delivery of donor food. REST's relief operation is a two-pronged offensive. Food that has been shipped to Port Sudan is trucked across the Ethiopian border into the heart of Tigray, a grueling, 650-mile journey.

There are also 50,000 tons of grain available in western and southern Tigray where the harvest has been good. REST has asked for \$18m (\$11m) to purchase it, but so far only \$4m has been pledged. As it is only a day's drive from distribution centres, the request makes sense. But donor

The Long View

Beware those cold-calls from abroad

"WEALTH warning: disreputable share pushers can damage your wealth." Some time ago, a kind reader sent me a strip of bright red stickers carrying this message, which was printed for him after some unfortunate and impoverishing personal experiences. One of the stickers is attached to my office door. You can't be too careful.

A number of recent developments have brought these share-pushing risks to mind. Curiously, there are moves to reduce the protection being offered to investors in various respects, even though the overall level of regulation of financial services is often portrayed as suffocating. And while there are excellent reasons for these relaxations, it is always vital to be aware of the loopholes that may be created.

They will not be missed by the pillars of commercial society, which are the first to exploit the new opportunities. But more cunning operators are always waiting for their chances and will take advantage of whatever plausible cover is available - whether, say, it is wider share ownership, the motivation of executives, or the need for industrial investment. If it can be presented as a "Government scheme," so much the better.

What are the recent changes? Listed companies have been permitted for several years to buy back their own shares through the stock market and ICJ, for instance, has just asked its shareholders for permission in principle.

Companies are subject to strict rules but, nevertheless, there is an implication that they may be able to support their share price.

More recently, companies have begun to take seriously the question of direct share promotion through corporate personal equity plans and savings schemes, an area that British Aerospace entered this week. The scheme is limited but growing interest in employee share ownership plans (ESOPs) and profit-sharing schemes that involve buying shares through the stock market. Finally, the Securities and Investments Board appears ready to relax the curbs which prevent investment trust savings schemes from being marketed as aggressively as, for instance, unit trusts.

Comparatively few companies are taking advantage of any of these possibilities so far. But a lot more are studying such developments. The common thread is the undermining of the barriers to corporate share promotion imposed in legislation such as the Companies Act 1929 and the subsequent Prevention of Fraud (Investments) Act.

Of course, in general terms, support of a company's share price by the company remains illegal under Section 151 of the Companies Act 1985, which is what the Guinness trial is basically all about. But there is some distinct blurring at the edges. This is potentially dangerous. There was a flood of share-pushing scandals in the 1920s, leading to the investor



Barry Riley

Aggressive pushing of individual shares has been excluded from the UK savings market for decades, but investors may need to become a little more streetwise

protection legislation of the 1930s. People remain just as vulnerable today, and the increasing cheapness of international telephoning has led to periodic "boiler room" problems as teams of fraudsters attempt to by-pass national anti-pushing laws by dialling from abroad. It seems unbelievable that people can be cold-called and persuaded to send

large sums to Antwerp, Geneva, Cyprus or some other more distant hideaway, but it happens.

Usually, the scam is based upon some slightly glamorous concept - an airline, say, a gold mine or a technological breakthrough. It is about to be licensed or listed, and the value of the shares is certain to rise. Meanwhile, a limited line of stock just happens to have become available at a discount, for a few days only. The story is told by charming and plausible people.

Nothing much changes, and Britain's curbs on company promotion to investors are based on the need to suppress such frauds 60 and more years ago. Companies have been able to sell off the page only through elaborate prospectuses, and cold-calling rights have been restricted to salesmen acting on behalf of institutions selling regulated collective products (notably, life assurance).

Where things differ compared with 1930, however, is that decades of marketing and tax privileges have increased greatly the proportion of listed companies owned by institutions. Inflation has contributed, too: life companies and pension funds once were quite happy to put nearly all their money into fixed income securities but most of their cash flow goes into equities these days. So, private investors now own directly less than 20 per cent of the typical listed company.

Companies have had to rely

on the limited marketing talents of the Stock Exchange and its broking members. These have had a dwindling impact on the retail savings market, and the Stock Exchange community has turned its focus progressively on the institutions. Many companies are alarmed at the consequences of exposure to what often has turned out to be the fickle proprietorship of fund managers.

Listed plcs have, therefore, become more and more determined to carry out their own share marketing. Coincidentally, the Conservative Government - with primarily political motives in mind - has anxiously sought ways in which "popular capitalism" could be promoted. Thus, the climate has been in favour of erosion of some of the long-standing taboos.

The risks in all this may not become apparent until after the event. But I note, for example, that BAE's corporate PEP scheme can be based either on existing shares or on newly issued ones. The company will decide from time to time "in the best interests of shareholders as a whole." I am not worried about BAE's judgement, but how would Aero-Mining Technologies plc respond to the opportunity to nudge its share price one way or the other?

Perhaps a rise in risk is inevitable if companies are given more direct access to the stock market, at the expense of the more easily regulated institutions. Capitalism is tough on the gullible. We could all be in need of some little red stickers.

CONTENTS

Finance: What to do about Globe	III	Property: Rogue estate agents	XVI-XIX	Arts: Books	XX-XXI	Food: Gardening	XXII	Black Markets	XXIII
How to Spend It: Planos	XI	Perspectives: My Old School	XXII	Books: TV and Radio	XXIV	How to Spend It: TV and Radio	XXV	New York	XXVI
Motoring: The Rover Metro	XII	Surveys: Clocks and watches	XXIV-XXVII	Classics: Property	XXVIII	Classics: Property	XXIX	Travel	XXX

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MARKETS

LONDON

Footsie ends week on a vote of confidence

"SO IT ALL turned out alright in the end," might stand as a first judgment on this week's performance by the stock market. An FT-SE index which was set on testing 2,100 first thing on Monday morning, and did indeed trade well below that level for most of that day, rebounded with vigour as the week progressed.

After some initial hesitation yesterday morning the City appeared to be granting the local election results an increasingly warm welcome; the outcome gave a lift to an equity sector which has been overshadowed by political concerns for some time now.

The Footsie recovered by about 2.5 per cent over the week, leaving the closed 2,100 mark a safe 50 or so points behind. Certainly an impressive bounce by the market, but is this the upturn that the bulls claim will signal the birth of the New World, in which inflation and interest rates will

be restored to their proper places?

From this bullish viewpoint, next week's Retail Price Index could turn out rather as did Labour's sweeping gains in the local elections; that is to say, largely discounted in the stock market and not nearly as bad as the worst fears. And then, having faced the darkest moments, the market can begin to look forward to better things as inflation begins to top out. Interest rate pressures to soften and the Government's popularity to revive in time for the pre-election period.

In fact, this week's market may have offered more practical support for the optimists than mere daydreaming. The outcome of the elections may have boosted market indices but yesterday's market uptick could well prove to be no more than a knee-jerk response. The wider question of what Labour's gains will mean on the wider political

scale and whether the worries of non-UK investors over the future for Thatcherite economic policies have been put to rest may take more time to answer.

In fact, last week's revival got under way well before the local elections; indeed, the Footsie had regained more than 34 points while trading volumes were subdued ahead of the polls. It was better news on the corporate profits front, in direct contrast to the string of share suspensions, trading losses and virtual bankruptcies of previous weeks, that did the trick.

The main impetus came from the first quarter results at ICI, which pleased the market on the big trading firms.

The Q1 results were generally good," said Richard Henderson of Nomura Research Institute, drawing particular attention to the quality of earnings. He believes that ICI experienced a market change in general profit-trend between January and March, a point which could have wider implications for the rest of the equity market.

The chemicals team at Kleinwort Benson Securities took up the same theme, although adding the rider that there could be further outperformance by the shares "particularly if the market weakens further."

The ICI statement was the prime factor in stimulating the slide in equities at the beginning of the week and setting the stage for the market's recovery over the next two trading sessions.

As ICI was hastening to the aid of the industrial share sector, Royal Bank of Scotland was doing the same for the battered banking stocks. The bank's profits were below market expectations but the 20 per cent increase in the dividend

HIGHLIGHTS OF THE WEEK

	Price	Change	1989	1990	
	Ytd	Week	High	Low	
FT-SE 100 Index	2162.2	+55.6	2463.7	2103.4	Local election/company results
Abbey National	192	+13	198	172	Brokers' buy recommendations
Allied Irish Banks	229	-20	262	229	\$217m bid for US bank/102m rights
Bread Walker	279	+38	270	234	Ahead of Wednesday's annual results
British Gas	202	+14	245	185½	Political worries overstated
Conf. Microcove	220	+75	230	130	Agreed bid from Phoenix of Sweden
Ellis & Steward	163	-16	230	160	Rights issue
Haywood Williams	262	+50	268	224	Following bid speculation
Higgs & Hill	314½	-20½	400	314	VJ Lovell places 10% stake in market
Johnson Matthey	223	-38	349	222	Warning of lower profits
Kwik-Teknik	58	-13	65	58	50 bid talks end
Kwik-Save	491	-33	694	458	Disappointing sign/competition fears
Lon & Metropolitan	65	-28	109	54	Broker's 'sell' recommendation
Royal Telecom	332	+17	415	306	96 Warburg 'buy' recommendation
Satchel & Satchel	107	+22	175	61	US buying uncovers bear positions

WILL THE real economic indicators please stand up?

A fresh round of contradictory economic statistics this week left Wall Street thoroughly confused about the pace of the economy's expansion and the outlook for inflation.

Yesterday's figures on April employment, an important measure of economic activity, were surprisingly low. Non-farm payrolls rose in the month by just 64,000, well below the 100,000 which analysts had been predicting. Moreover, there was a 0.2 percentage point increase in the civilian unemployment rate, the first rise for a year.

The figures pointed to much slower growth in the economy than recent statistics had indicated. Only last Tuesday a closely-watched measure of industrial strength, the National Association of Purchasing Managers' Index, returned to a positive value after 11 months of decline with an upward jump well ahead of most expectations.

Yesterday's employment data prompted a sharp rally in bond prices. The yield on the benchmark 30-year Treasury note, which had slipped below the psychologically important 9 per cent level on Thursday, fell again - and much more convincingly. For the employment figures dispelled fears that the Federal Reserve would have to make an early move to raise short-term interest rates to tighten the economy.

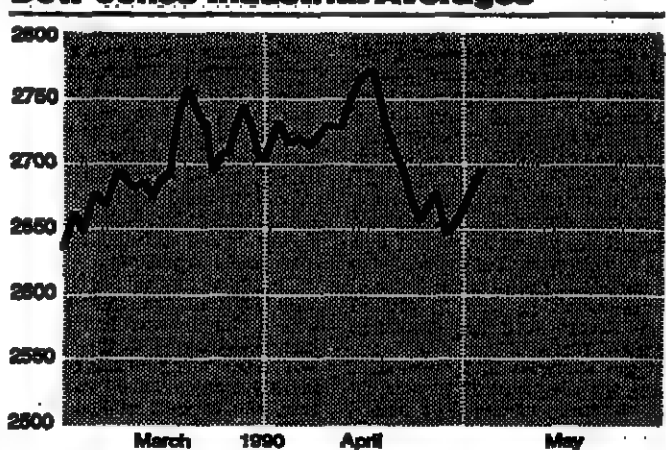
But while the employment figures are doubtless encouraging, the economic statistics of the past few weeks still leave a confusing picture of the strength of the economy. The equity market was less ebullient yesterday, fearing that the low employment figures could also signal a slower growth in profits.

Still, equities had shown modest advances in the first four trading days of the week on the back of technical factors and some modestly encouraging corporate news.

WALL STREET

Driving into the unknown

Dow Jones Industrial Averages



But volume remains light and lacking any real direction.

The Dow Jones Industrial Average is now trading right in the middle of the 250 point range, between 2550 and 2600, that it has occupied since January, and with nothing obvious on the horizon to change the sideways crawl.

The first quarter results season, which is just ending, produced only slightly more negative earnings surprises than positive ones. According to Zacks Investment Research there was an overall drop about 7.5 per cent in the earnings of large companies, and the figures fell some 3 per cent short of analysts' expectations.

The second quarter should see a levelling off, or even a small rise in the profits trend, with Zacks forecasting an overall rise of 0.5 per cent in earnings.

The big three US car manufacturers rounded off the

results season with a set of miserable but hardly surprising figures this week.

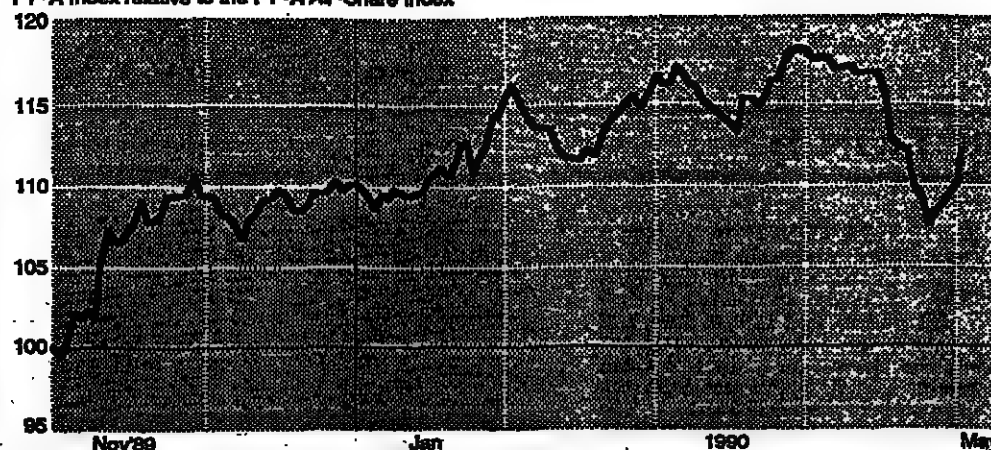
General Motors, dropped 64 per cent (and the figure would have been larger but for an accounting adjustment), while Ford dropped by 60 per cent and Chrysler by 60 per cent compared with a year earlier. All three face tough competition from Japanese manufacturers in a depressed US market.

Dealers' inventories of unsold cars became so bloated in the first quarter that the manufacturers had to slash back production, while to encourage people to buy they were offering about \$1,000 a car in sales incentives. It is questionable whether the manufacturers are making any money on their US vehicle operations.

GM made most of its first quarter profits from its European automobile operations

Banks

FT-A Index relative to the FT-A All-Share Index



tribute to the determined and successful reshaping of the group over the past decade.

Pre-tax profits of \$41.6m, down 6 per cent, for the first quarter of the year were substantially above market forecasts of \$34.0m to \$37.0m and attracted a host of accolades and buy recommendations from the big trading firms.

"The Q1 results were generally good," said Richard Henderson of Nomura Research Institute, drawing particular attention to the quality of earnings. He believes that ICI experienced a market change in general profit-trend between January and March, a point which could have wider implications for the rest of the equity market.

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As ICI was hastening to the aid of the industrial share sector, Royal Bank of Scotland was doing the same for the battered banking stocks. The bank's profits were below market expectations but the 20 per cent increase in the dividend

reminded a number of securities houses of the reasons they were recommending bank stocks earlier this year, before the whole sector turned history over corporate loan books and Sir Kit McMahon threw the switches.

In a market still seeking a level at which dividend yields will prove an irrefutable argument for buying shares, the banking sector was widely recommended at the beginning of the year. This view has been shaken by the tremors in the construction and property sectors, and although there were no fresh horrors last week, it is unlikely that the banks' loan books have seen the worst yet. Friday afternoon rescinded with talk of fresh troubles in the secondary property sector.

However, the market took a calm view of increases in loan provisions at Royal Bank, which has a reputation for taking a prudent stance. LDC provisions - remember those? - were also lower than some analysts expected.

Despite the help from ICI and Royal Bank the market lacked genuine investment support. The advance in equities was largely led from the futures market and daily money value of equity trading has remained in the \$50m to \$70m range, hardly indicative of a confident market.

The chart strategists still fear one last sell-off which could take equities down to the FT-SE 1,800 to 1,900 range,

before establishing a base for a prolonged rally.

Nor is the near term view of the market strategists particularly encouraging. Paul Walton at Smith New Court, the UK securities house, is cutting his year-end forecast on the FT-SE index to 2,400 and "acknowledges greater downside risk for the equity market. Below 2,500, there is little chart support until 1,850."

Kleinwort Benson continues to see danger for UK equities "which could take the FT-SE towards 2,000 within the next few months. Interest rates are unlikely to fall before next year's Budget and rises still cannot be ruled out."

Next week's economic highlight will be the RPI Index, on which there are few takers for an underlying annualised inflation figure much below 10 per cent. London will also be keeping a weather eye on the US data on employment and producer price and retail sales statistics. But the London market's significant testing will come from the domestic corporate reporting last.

The first quarter result from BP may have only limited impact on a market currently governed by domestic considerations; there could be a more deep-rooted response to the Indian report from Standard House which is nearer to some of the market's areas of sensitivity.

Terry Byland

JUNIOR MARKETS

A faller at the last

GETTING READY for market

can be an expensive, tedious business. After months being "quarantined" by accountants and auditors, companies still have to jump the Stock Exchange's hurdles and satisfy potential investors.

The frustration of stumbling at the last fence was this week experienced by DuBois, a video cassette hire company. It cancelled its USM placing on Monday, largely as a result of the lack of institutional enthusiasm for small companies considering alternative measures of raising the funds.

It needs to reduce borrowing, but it has not ruled out coming back to the market later this year if the outlook improves.

Its eleventh hour cancellation underlined the impoverished state of the new issue market, which in the first three months of this year just five companies joined the USM, which is the lowest quarterly figure recorded in the last four years, according to statistics compiled by Peat Marwick.

DuBois is not alone in finding the going hard. Several other companies have had to withdraw when quite close to the market and many others have rethought their plans at an early stage.

One newcomer that still has some enthusiasm for the procedure, despite some delays and other setbacks, is Innovare, which is likely to join the USM next week.

Innovare is an example of a start-up venture, which in this year has become eligible for the USM since the Third Market was closed to new entrants. As it has no track record, it has to undergo more rigorous scrutiny and make more undertakings than most.

Nonetheless John Skoner, its founding managing director, is positive about the exercise. For one thing, he is satisfied by the price tag - £7.7m - being attached to the company. "If we had gone to the venture capitalists, I suspect we would have had to give away more for less," he says.

He also says that the scrutiny by lawyers and the Stock Exchange gives the company credibility with its customers, especially in the US. Moreover he values the publicity associated with the flotation and thinks that as a quoted company, Innovare will be able to attract better quality staff.

Innovare has created a "Mosaic Display Screen System," which it hopes will take the advertising market by storm. It claims to be a more sophisticated version of the glittering, shifting displays that light up places such as Las Vegas and Piccadilly Circus. The technology is also cheaper, longer lasting and consumes less power than

existing systems, it says.

The system is composed of a computer, a screen control system and the mosaic display screen. The screen, which is the size of a major advertisement poster, is a collection of modules containing liquid crystal displays, which are controlled for intensity and colour of light by the computer. The light is produced by a low pressure mercury discharge lamp which excites rare earth phosphors bonded on to glass.

The virtue of the system is that it is programmable so that a moving advertising display can be changed and changed again. It is not unique in this. Japanese manufacturers produced similar technology nearly ten years ago which has been used extensively in sports stadiums. However Innovare says that its system is the cheapest on the market, at about £120,000 each, and its five year life span is five times as long as its rivals.

Innovare has developed a spin-off from this technology - an "automatic sign system". This is a non-programmable, TV-sized screen which is illuminated through a new phosphor binding process, on to which the advertiser can copy artwork. The system, which is claimed to be brighter and clearer than existing methods, is particularly well on price, is expected to be used for point-of-sale advertising and information displays.

The placing, which is being handled by Corporate Banking Services, is intended to raise £12.4m which will be spent on the group's production facilities and working capital. Existing investors which include Carlton Communications, are staying with the group.

Innovare is not the only newcomer to the USM. Intercare Group, a dental laboratory and optical business, moved up from the Third Market yesterday. This company, which aims to become a broadly-based health care group, combined its announcement with news of a \$665,000 acquisition and a loss last year.

But even if the USM's ranks are being expanded by refugees from the Third Market, it is not clear that this will compensate for the departures from the USM. This week saw Clinton Cards, the greetings card company, announce its graduation to the main market. And Continental Microwave (Holdings) recommended a £15.8m bid from Nobel Industries of Sweden. Given the 17.5 per cent fall in the USM index this year, it seems that the USM is going into the summer in a rapidly shrinking form.

Vanessa Houlder

FINANCE & THE FAMILY: THIS WEEK

Private investors and the battle for Globe

Barry Riley reports on the investment trust industry's attempts to stop its flagship being taken over. Plus Sara Webb on how to pick your own overseas equities. Page III.

Taxman's eye on gifts to children

The introduction of independent taxation gives parents the chance to make gifts to their children without suffering tax penalties. However, says Eric Short, you should be careful if you are not to run foul of the Inland Revenue. Plus why the new insurance ombudsman is causing a storm in the industry. Page V.

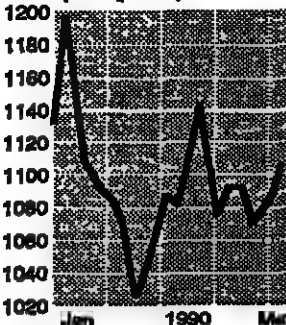
Minding Your Own Business

Paul Tapscott lists the seven golden rules on how to reduce start-up risks for new businesses. Plus Nicholas Lander meets a couple who swapped the high-rises of Manhattan for Laura Ashley's former chateau in France. Page VI.

BRIEFCASE: Selling a jointly-owned flat - Page V

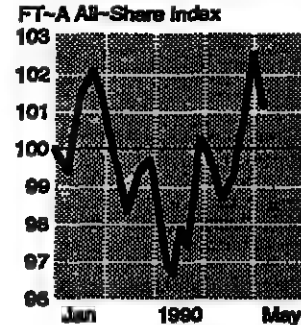
ICI

Share price (pence)



Brewers & Distillers

FT-A Index relative to the FT-A All-Share Index



Profit gains at ICI lift stock market

Shares in ICI, still considered the bellwether stock of the London market, gained strength this week after the company reported first quarter profits above the most optimistic market expectations.

The shares were weak just ahead of the results as City analysts feared the weakening demand in chemicals worldwide would take its toll on the group's figures. In the event, profits for the three months to March 31 came to £41.6m, only 6 per cent lower than for the corresponding period a year earlier. Profits were particularly strong in pharmaceuticals and agrochemicals, offsetting falls in other sectors. The news not only lifted ICI but also pulled the FT-SE index out of the doldrums on the day of the results. Joel Kibazo

Brewing sector buoyant

The staid brewing and distilling sector continued to show the rest of the market the pair of heels by reacting an all-time relative high on Monday. Earnings growth in the sector, at 12 to 15 per cent, comfortably outpaces the rest of British industry. Unfortunately, say analysts, this is largely because brewing leaders earn so much abroad: Guinness makes four-fifths of its money overseas and Grand Metropolitan about half.

The exception to the rule is Bass, whose fortunes have been based on across-the-board gains in market share in the UK, and is currently analysts' favourite short-term buy. Even Bass earns 20 per cent of profits outside the UK. Daniel Green

New PEPs on offer

THE River and Mercantile Investment Management Group has developed a range of Personal Equity Plans (PEPs) which offer savers the opportunity to invest in shares which normally produce either above average income or above average capital growth.

The PEPs are being tied mainly to the split level shares in the River and Mercantile Investment Trust. This is a specialised split capital trust in which the shares are divided into different categories, with one group channeling all the dividends of the trust, and the other all the capital growth.

R&M introduced two high income PEPs last year for investors who wanted high tax-free income. The yields on these stand at around 9.3 per cent and 11.4 per cent, although this figure is calculated before initial investment charges of 3.4 per cent, an annual management fee of one per cent, and a 0.25 per cent dealing charge for both share acquisitions and disposals.

The capital share plans offer the alternatives of investments linked to the capital shares of R&M trust, or a mixture of the trust shares and six blue chip companies. R&M is also to offer a regular monthly investment facility, tax free quarterly dividend withdrawals, and a system of partial withdrawals from PEPs. Terry Dodsworth

Properties up for auction

Anyone interested in buying property in the West Country should take a look at properties coming under the hammer on May 9 and 10 in auctions in Truro, Exeter, Barnstaple, and Bristol. Bristol & West Property Services, the estate agency arm of Bristol & West Building Society, says it will be offering barn conversions, cottages, shops, restaurants, farmhouses, holiday homes and even a 35-bedroom hotel in Bude.

The star bargain of the sale is a two-up two-down cottage in France, in the neighbourhood of modernisation, which is going for a guide price of £2,500, though offers are already said to be coming in. The guide price for top-notch barn conversions in Somerset is £150,000 and cottages in Cornwall range from £35,000 to £100,000. The hotel in Bude will cost around £450,000 to whoever buys it.

Bristol & West says it will be happy to arrange mortgages for purchasers. They stress that none of these properties are repossessions: they have all come from estate agency customers in the usual way. T D

Company savings scheme to woo BAE workers

THE GROWING popularity of tax free corporate Personal Equity Plans (PEPs) was underscored this week by the launch of a new scheme at British Aerospace, one of the country's largest manufacturing companies. But equally important for the cause of the small shareholder was another innovative proposal unveiled alongside the PEP - a company savings and investment scheme that offers low dealing charges specially tailored for the private investor.

Both plans, says Professor Roland Smith, BAE's chairman, reflect the company's view that the high brokers' commissions are a big disincentive to small shareholders.

The PEP, for example, will have no initial charge, against around 3 per cent for conventional schemes and an annual fee of only 0.5 per cent (against a normal 1 per cent). The commission on sales and acquisition of shares for PEP invest-

ments will be just 0.25 per cent, and there will be a minimum purchase level of £20 a month or £240 a year.

The savings and investment scheme, operated by brokers Hoare Govett, and claimed to be the first at a large industrial company, will charge 1 per cent commission with no minimum figure. Most brokers offering cut price services at present charge around 1.65 per cent commission and have minimum charges of between £17.50 and £25.

Not all big companies these days are as keen on small shareholders as BAE, mainly because of the cost of servicing private investors with annual reports and so on. Nevertheless, some companies argue that individual savers have longer investment horizons and are more loyal in the event of takeovers than the big institutions. They are fast to be less likely to "churn" the shares, buying and selling incessantly.

BAE does not have to worry about takeover too much at present because of the golden shares held by the Government. But the company's share price behaviour has been erratic since the Stock Market crash in 1987, and it is standing on a modest price earnings ratio today of just over six, well below the market average of around 10.

Some analysts argue that there are good grounds for the share price being where it is given the nature of BAE's business. The company is suffering, they say, from uncertainty over the future of defence contracting, questions about the prospects of the European Fighter Aircraft, and doubts over the Rover car manufacturing subsidiary.

BAE clearly believes, nevertheless, that its share price might benefit from encouraging small shareholders with the incentive to make long term commitments through

PEPs or regular savings schemes. Introducing the two programmes this week, Dudley Eustace, the finance director, talked about "large and powerful institutions" which "dominate the play and the price" of the shares.

The company already has the base on which to develop a shareholder structure less dependent on the institutions, since it has inherited 110,000 shares from its privatisation. The problem is that many of these individuals are very small holders - 42 per cent have 100 shares or even fewer, the equivalent of a stake worth around £500m - and have not sought to increase their holdings since they acquired them in the Government's disposal. As a result, small shareholders currently account for only 7 per cent of the group's equity, a figure which Eustace would like to raise to 25 per cent.

There is little doubt that

with the introduction of the PEP, BAE is running with the tide. British companies have launched 24 corporate PEPs, most of them run by CC&P, the group which is operating the BAE scheme, and they appear to be attractive to some investors: the Smith and Nephew plan, introduced last month, already has 6500 applicants.

For investors the schemes raise two main issues - are savers willing to make a long term commitment to a specific company, and to what degree are they likely to need access to their money. PEP investments are ideal for savings that can be put away and allowed to accumulate over the years, rolling up capital gains which can eventually be taken tax free. Some investors may think that the commitment of £5000 worth of funds, the maximum currently allowed annually by the Government, to a single company is too high a risk to take when there are a

multitude of alternative PEP plans offering a spread of investments.

BAE's savings and investment plan, however, offers opportunities for private investors who want to hold the company's shares as part of a broader portfolio, or who may need access to their funds quickly. It should provide a particularly attractive dealing service for employees who own shares in the company and want to lodge these in the PEP.

The scheme, which allows lump sum investments of any size, or regular savings of 250 a month, will undoubtedly be watched with great interest by other industrial companies and Hoare Govett's rivals in the City. Hoare has already geared up to offer similar low-cost services to other big industrial companies. If the BAE scheme is a success, it could be the first of many.

Terry Dodsworth

FINANCE & THE FAMILY

Taxman keeps eye on gifts to children

THE ARRIVAL of independent taxation gives parents the chance to make gifts to their children without tax penalties. But you should be careful if you are not to run foul of the Inland Revenue.

Grandparents, other relatives and friends can give money to children. The income derived from that is treated as the child's own income and can be set against its single person's allowance. But gifts made by parents escaped the taxman's clutches only if they were made for educational purposes. Until April 5 this year, the income from non-educational gifts was aggregated with the father's income for tax purposes.

Under independent taxation, though, the income from assets passed to children can be aggregated with the mother's income, thus possibly reducing the overall family tax liability. This could, however, be difficult to achieve. The Revenue will still require the child's income to be aggregated with the father's unless it can be proved that the money came from the mother's own resources.

What about gifts not yet made?

Since the advent of independent taxation, many husbands have been transferring assets to their wives to take advantage of their personal allowances and lower tax rate band. So, husbands could transfer assets to their wives and then transfer them on to the children, with the income then being aggregated with the

mother's. But the Revenue is taking a very strong line against associated deals designed to avoid tax. For example, it has always been clear that if a husband and wife have been making gifts simultaneously to each other's children, so avoiding the tax that would be paid if the same gifts were made to their own children.

The Revenue has now made clear that it will take a similar line on transactions between husbands and wives. It says a wife can have the child's income assessed with her own only if she can demonstrate the gifts came from her own

Take care not to fall foul of the Revenue, says Eric Short

assets and that there was no collusion with her husband. This could be difficult to demonstrate, since financial decisions within a family should at least be discussed jointly, even if joint action is not taken.

The impression is that the Revenue has still not come to terms fully with the implications of independent taxation. Until it does, parents wishing to make gifts to children need to ensure that they can account for, and justify, their actions to the taxman.

Another aspect of independent taxation that appears not to have been resolved com-

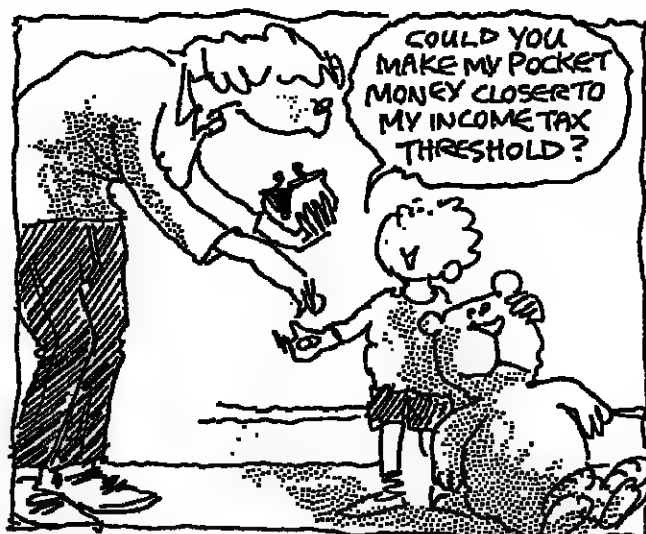
pletely is who gets the income from a joint life and last-survivor annuity, and whether it can be split in some way. The subject does not appear to have been dealt with in any of the Revenue's mountain of literature on the change because it has not set out any formal policy.

Under such an annuity, payments are made while both people are alive and continue, often at a lower rate, during the remaining lifetime of the surviving spouse. Two distinct separate classes of annuity have to be considered: ■ First, where the money used to buy it comes from an individual's or family's own capital resources.

■ Second, when it is bought from the proceeds of a husband's pension arrangement, whether personal or company. The second category is straightforward in its application to independent taxation. Until he dies, the income from such an annuity is regarded as his earned income and cannot be apportioned between husband and wife.

Individuals who have not yet set up a pension annuity arrangement can, however, take advantage of the new tax regime. They can take the tax-free lump sum available from a personal pension or company pension arrangement and buy an annuity for their spouse, or invest in some other income-producing investment such as a high income unit trust.

By some quirk in the Revenue's attitude, such action is not regarded as the individual splitting his earnings: the investment is regarded as belonging to the spouse. The wife can then set the income from that investment against her own tax exemptions.



Amitties bought from individual or family capital resources are quite different in their operation. It is understood that the Revenue will allow the income from a joint life annuity to be divided equally between husband and wife. Under existing arrangements, though, the life company deducts basic rate tax on the income portion of the annuity payment. A certificate of such deductions is sent to the annuitant once a year so he can produce it, if required, to his tax inspector.

So, if the wife does not have sufficient income to pay tax, or is eligible for tax on only part of the annuity payment, she will have to reclaim back from the Revenue the tax paid by the life company.

It could well happen that husband and wife are in different tax districts. In these circumstances, a photo-copy usually is acceptable so long as the tax inspector is told which district holds the original certificate.

There are complications on new annuities taken out from April 6 this year if either husband or wife is in the tax bracket. New regulations are making it difficult for life companies to make annuity payments gross on joint annuities, as they could previously for low-income annuitants.

It is possible for couples to seek approval for some income split other than 50-50, such as if the original capital came wholly from assets held by the wife. But they would need to satisfy the tax inspectors. In any case, families with joint annuities in their assets should contact their tax inspectors and the life company.

After the Government announced the introduction of independent taxation, the Association of British Insurers contacted the Revenue to get the whole situation clarified. It is still waiting for the taxmen to produce a codified procedure.

Angry companies threaten to pull out of arbitration scheme, reports Eric Short

Insurers seethe over ombudsman's rulings

JULIAN Farrand, the insurance ombudsman, is causing a storm in the industry. In his first year of office since succeeding James Haswell, this mild-mannered man has so infuriated companies with some of his decisions that several have threatened to pull out of the insurance ombudsman scheme.

In setting up the scheme, the industry went to great lengths to ensure the ombudsman's independence. He was given wide powers and his decisions are binding, compelling companies to make awards of up to £100,000. They have no direct control over the appointment of an ombudsman or the removal of his contract. This is the responsibility of the Insurance Ombudsman Council, most members of which are outside the industry.

It should not have been taken as a surprise that Farrand's decisions for, like his predecessor and all other ombudsmen, he is a lawyer. And he has been strong-minded enough in the past to put consumer interests before any professional loyalties. He was chairman of the Government Conveyancing Committee, the radical report of which in 1985 led to the ending of solicitors' monopoly on conveyancing despite their strong opposition.

Unlike his predecessor, though, 54-year-old Farrand did not become ombudsman without any knowledge of the insurance industry. His distinguished academic career included being dean of the faculty of law at Manchester University. Thus, he is well versed in insurance law and the law of agency. Furthermore, as a Law Commissioner he is well aware of the commission's views that existing UK insurance law is biased against consumers. Attempts by the commission to reform matters relating to the commission have been blocked by the Government and civil servants intensely.

Farrand has served on a variety of tribunals. The most recent, before becoming ombudsman, was the Social Security Appeal Tribunal, where he had plenty of experience in dealing with people who are deprived socially and financially.

Perhaps that is why Farrand

has taken the consumer's side more often in his first year as ombudsman. In some cases, his decisions have contrasted with those made by his predecessor.

For a start, he has made clear that he will put policyholders and claimants first in considering complaints, although he stresses this does not mean he has turned the office of ombudsman into that of a consumer's champion.

In dealing with complaints about life assurance, Farrand always wants to know two basic facts: did the policyholder know exactly what was being provided when he bought his contract; and did he understand the basic investment implications. In Farrand's view, salesmen cannot defend complaints by claiming they explained the terms of the

from stress. Motor insurers think it is acceptable to delay payments on car theft claims.

There are two areas where Farrand's proposals are likely to result in a major clash with companies. First, he is proposing that the innocent failure by a policyholder to disclose something in an insurance contract should no longer jeopardise a claim completely. Instead, he proposes that a scaled-down claim should be paid, taking into account the correct disclosure.

Although this looks reasonable, it was one of the main proposals put forward by the Law Commission in its failed reforms. Companies now feel that Farrand is using his powers to bring about indirectly what the commission could not achieve directly.

Secondly, Farrand says he is prepared, in appropriate cases, to hold companies responsible for the defaults of independent financial advisers. But companies have long held that where an independent adviser is concerned, any complaint must be made against him, not them. Now, Farrand proposes to apply the law of agency to companies - a move that could result in conflict with the Financial Services Act, which requires independent advisers dealing with life assurance to have no links whatever with companies.

Companies which do not like Farrand's actions have two options. Either they try to persuade him to change his views or they leave the ombudsman scheme. But the latter would certainly result in bad publicity, and widespread defections could well bring about a statutory scheme with compulsory membership.

As befits a former county chess champion and a club standard bridge player, Farrand has seized the initiative by requiring companies to pay interest when there is no justification for delayed payments, and to award compensation in cases where the policyholder has suffered stress because of the delay.

But companies say they are entitled to know and discuss the ground rules, such as what constitutes unjustified delay and how to make sure policyholders really have suffered.



Julian Farrand: causing a storm in the industry

contract in detail unless it is clear the client understood those explanations.

Farrand has gone further by introducing far-reaching changes in company practice. For example, delays in settling claims can be frustrating for policyholders. He proposes to remedy this by requiring companies to pay interest when there is no justification for delayed payments, and to award compensation in cases where the policyholder has suffered stress because of the delay.

But companies say they are entitled to know and discuss the ground rules, such as what constitutes unjustified delay and how to make sure policyholders really have suffered.

Budget fails to tempt savers

CHANCELLOR John Major's Budget could fail to live up to its billing as a "Budget for savers", according to a survey of British saving habits published by the NatWest Bank this week. It showed Britons saved £162.50 on average in the first three months of the year. But only 6 per cent of those questioned after the Budget thought that they would save

more as a direct result of it. Kevin Jennings, NatWest's director of personal banking services, thinks this indicates that the Government's proposals to woo new savers will not succeed. In his Budget, the Chancellor announced plans for tax-exempt special savings accounts - or Tassas - which will pay interest gross to savers if they leave the capital

untouched for five years. But Jennings said: "We do not think Tassas will attract more money."

The poll tax, higher cost of living, household bills and mortgage payments were the main reasons people thought they would be saving less over the next three months.

Sara Webb

Expatriates

Key points to remember in the quest for best advice

association with Clerical Medical International. All three are competitive in terms of charges payable and CMI is a highly reputable running mate, but it is stretching things more than somewhat to link these product launches to the holy grail of best advice.

On this score, Willis argues that the individual plans, or a combination of them, will provide best advice for 90 per cent of expatriates. Where best advice is not satisfied by the CMI range, Willis says it will look to other financial institutions on behalf of its clients.

While it is encouraging to see a company of Willis's pedigree entering the expatriate market, its comments about best advice rest uneasily with the perception that it is close

to acting as a "fief" agent for CMI. It is a strategy that would not stand close scrutiny in the present UK climate of independent financial advice.

Whether you are planning to do business with one of Willis's 30 offices around the world, or with one of countless hundreds of expatriate advisers, there are four key points to keep firmly in mind in the quest for best advice for 90 per cent of expatriates.

■ Be clear at the start about whether your financial adviser is to receive commission from the fund management group or insurance company with which he might place any business for you, or whether he proposes to charge you a fee.

Traditionally, financial advisers have been remuner-

ated by commission, although fee-charging is becoming more common now. But if the adviser is to get commission, don't be shy about asking how this will vary according to the type of investment he recommends to you. Remember, though, that while fee-charging is far more logical and is surely the way forward, you should not assume it is always "good" and commission is "bad."

■ Ask the adviser why he is making particular recommendations. Does his explanation sound like common sense to you? If not, chances are he is trying to bamboozle you rather than offer best advice.

■ Do you feel your adviser has extracted enough information from you about your investment aims and time horizon, and your level of risk tolerance, to enable him to discharge his duty of best advice?

Peter Gartland

■ Peter Gartland is editor of *The Internationalist*, the FT's magazine for expatriates.

Selling a jointly-owned flat

I OWN a flat jointly with two others. The mortgage has been paid off and I now wish to stop working, move abroad and hopefully use my share of the flat's value to finance a modest life style. My co-tenants are reluctant to sell the flat and split the proceeds, particularly during the present property slump, but are prepared to consider buying me out.

a) Who is the best person to approach to set a realistic valuation - a solicitor, estate agent, building society or the district valuer?

b) Should the buyer expect a price to be set below current market value, to reflect the fact they are being forced into this situation, as would be the case in selling a property with a sitting tenant?

c) If the answer to b) is yes, what sort of percentage discount could they expect?

■ a) A qualified valuer (who is usually also a surveyor) is required. Such a person may be a partner in a local firm of estate agents, but not all such agents include qualified valuers.

b) and c) Some discount may be expected, but the amount of discount is itself a matter for expert valuation.

Solicitors' fees shock

YOUR ANSWER to a recent letter concerning solicitors' executorship fees (commission) surprised me. You stated very firmly: "The fees should not be based on the value of the estate, but on the work actually done," but you do not say if this is simply your own opinion or the current general practice in the profession.

For the last two years I have been dealing with the solicitors who are the executors of my wife's brother's will. They have told me that they will charge for the work done, PLUS a general commission, based on the gross value of the estate. It seems they are reluctant to state a percentage, but if it is only 1½ per cent, plus the fees already estimated in answers to my questions, they

are going to pay themselves, from the residue of the estate, somewhere between £15,000 and £16,000 on a gross of £270,000. Where do I find guidelines for such matters?

■ In the reply to which you refer we had assumed that the testator's residence was the substantive value of the estate.

It is correct the recommended charges for a solicitor who is also an executor include a fee which is based on the value of the estate (less that of the residue). This is described as a responsibility charge, or value element. The recommended rate is 1½ per cent; and it is also permissible to charge at half that rate on the residue, although this latter element is often not sought on a small estate with only, or principally, the residue involved. The Law Society publishes a booklet on the subject: *An Approach to Non-contentious Costs*.

Valuation of home

MY PRESENT house is now much too big for me and consequently I wish to sell it to my daughter.

Could you tell me if I need to get the property valuation formally certified by valuers for capital gains, inheritance tax or other official requirements in the future?

■ If the sale is at a figure which you think is the market value (which you can check by obtaining an estate agent's view on what he would market the property for) you need not have a formal valuation.

Claim for lost deeds

I BOUGHT a cottage in 1966 and subsequently sent the deeds to my solicitor. These amounted to a substantial pile, including old Latin parchments dating from approximately 1400, with Cathedral and other seals.

I later married and my husband would like to see the documents. The solicitor is unable to send them or provide any reason why he cannot trace them.

Papers for the last 100 years are available so title is not affected. However, I am concerned as I understand that the presence of deeds such as the old ones I have described can add to the interest and value of a house when selling.

If the solicitor is really unable to produce them can I ask for compensation?

■ If the deeds were left with your solicitor for safe keeping you would be entitled to claim from them the value of the lost items. These are most likely to have a value as items which would be sold to a collector rather than as enhancing the price of the property, if the lost documents are all prior to the root of title.

Gift of a house share

MY MOTHER owns her own house worth approximately £150,000, and wishes to make a gift to me of a part of the house in order to bring the value of the proportion remaining with her below the inheritance tax threshold.

In the event of her predeceasing my stepfather, she would like him to have the use of the house during his lifetime. Assuming she gifted to me 25 per cent of the value of the house:

a) Is the transfer potentially exempt from inheritance tax?

b) Would my mother and I own the house as joint owners or tenants in common (I do not live there)?

c) Should her wish for my stepfather to continue to have occupation of the house following her death be a matter of formal or informal agreement between us?

Q&A

no legal responsibility can be accepted by the Financial Times for the answers given. All enquiries should be answered by post as soon as possible.

The gift will be a potentially exempt transfer, leaving you and your mother as tenants in common in equity. Any arrangement for your stepfather to continue in residence should be made informally only, and it is strongly advisable that some interest (ie at least a small share in the value of the house) be left to him, either absolutely or as a life interest, in your mother's will.

Meaning of tenancy

OVER THE period of our married life, wherever we have lived, my wife and I have always held deeds to our property in our joint names. In many of your answers to readers' inquiries you have referred to "joint tenancies" and "tenancies in common."

Can you please explain: a) The meaning of these different terms

b) The advantages/disadvantages of each

c) If necessary, how one changes from the one to the other

■ Has any of the above any relevance to the fact the deeds themselves are in our joint names?

■ Under a joint tenancy the whole beneficial interest accrues to the survivor(s) on the death of what is in the deceased's will, but with a tenancy in common only the legal title accrues in the same way while the beneficial interest will pass as directed in the will (or under the intestacy) of the deceased tenant in common.

The advantage of the latter is that the joint owner who wishes to pass his or her interest to someone other than the remaining joint owner(s) can

do so in his/her will.

You can sever a joint tenancy (ie convert it into a tenancy in common) by a simple written notice from one joint tenant to the other(s). The change takes place in equity only, so there is no need to alter the legal title as shown on the deeds. (If the land were registered land it would be appropriate to apply to the Land Registry to enter a restriction on the registered title.)

Trusts and divorces

I HAVE an unmarried adult son and daughter to whom, over the years, my wife and I expect to transfer capital sums.

I am wondering if I should set up a family trust(s). This is because I am leary to believe that if a person brings any capital to a marriage or receives capital after marriage, it is diminished by a subsequent break-up of that marriage, especially if the marriage partner has little money of their own.

Moreover, should the trustees have the right to withhold distribution of income? If it was an absolute trust, and our children had an absolute right to the money, my divorce settlement, based on counsel's opinion, or a judge's decision, might take the existence of a family trust into account; although I cannot see the logic of such a decision because to my mind the existence of a trust, which is a separate legal entity, should not be a consideration in any settlement.

However, divorce is nowadays a fact of life, and I do not want an estranged spouse walking off with the family capital.

■ While you cannot be sure of keeping all interest in a divorce settlement, you could see that there is only a limited value to be placed on your children's interest in the trust by making a discretionary settlement under which the objects of the discretion (including your children) would get no more than a right to be considered when the trustees distribute income.

THE SAVE & PROSPER PEP

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TRAVEL

On the Inca trail with Gringo Bill

Tim Burt is still in Peru for the second part of his series on Andean nations

BILL KAISER from Indiana runs one of the most dilapidated hotels in southern Peru. Unopened bags of cement are scattered around the open-air foyer and the restaurant doubles as a games room. But there are rarely vacancies in the eight rooms of the Hotel Qotí Uni, or Gringo Bill's as it is more commonly known.

Gringo Bill has big plans for his home in Aguas Calientes, the village tucked into the Urubamba Valley that weaves between the Andes. "I'm planning to build 86 storeys right on top of here and sell out to Hilton," says bearded Bill, who has just completed the third floor of the hotel since arriving in 1968.

Floor 86 would command spectacular views over the tropical cloud forest to Machu Picchu, the lost city of the Incas set on a natural saddle in the mountains.

To view the city today, however, Gringo Bill's guests have to walk 1½ miles along the Cuzco-Quillabamba railroad from Aguas Calientes, the last village before Machu Picchu, and climb for an hour to the ruins. Most choose to leave before sunrise so they can witness curtain-up at the last Inca stronghold in the world.

Each morning a shivering audience watches the city unveiled by the mist and cloud rising off the ancient streets and tightly packed buildings.

The spectacle is worth the nervous walk through the railway tunnels on the valley floor when all ears strain to catch the first hoot of an approaching locomotive. Even the pinpoint accuracy of the mosquitoes and the sweat of the climb are worth the first glimpse of the palaces, temples and staircases stacked together more than 6,000 feet above sea level. Sometimes the only sound above Machu Picchu is the handclap of a tourist applauding the scene.

Biram Bingham, an American explorer, was impressed too. In 1911, he found what the Spanish conquistadores had

failed to uncover - a secret city buried in the forest. Bingham and subsequent archaeologists from Yale University decided this must be Vilcabamba, the last refuge of the Inca empire, but this has been contested by other archaeologists and the place remains shrouded in mystery.

Bingham and his followers compounded the bizarre history of Machu Picchu when they found that the human remains on the site were almost entirely female. Archaeologists are still arguing whether the city was the hiding place of the Amazon, the home of an Inca harem or the scene of a battle which saw the male population massacred.

It is hard to imagine a massacre there. The terraced fields cut into the hillside and the cobbled alleyways conjure images of a calm market town rather than a garrison.

The feeling of calm does not last long these days. From Huayna Picchu, another hour's climb above the main city, there is a condor's eye-view over the ruins and down the railway line in the valley. The peak offers the first sight of impending bedlam when a yellow and red train rushes into view with its siren singing to the waiting guides that their bread and butter is arriving.

The brakes hiss and squeal as the train stops and the visitors - who pay roughly 10 times more than locals for the comfort of air conditioning and clean windows - tumble out in a whirl of video cameras and film. The buses which groan up the winding incline of the Bingham road are not as packed with elderly Americans as last year. The ruins are not so well photographed and the graffiti on some of the Inca stonework has not been updated.

The decision of the Shining Path guerrilla movement to treat tourists as legitimate targets has done more than any government edict to protect treasures, such as Machu Picchu, from thousands of well-heeled meekers.

The tourist industry is finding it difficult to overcome the disincentive of a decade-long guerrilla war which has claimed 17,000 lives. And the killing last year of a British tourist in the Andean village of Oroya effectively relegated Peru to the league of destinations reserved for the young and outward-bound. Brian Williams of Journey Latin America, the London-based company which organises tours to the region, says: "The number of people going to Peru is down by 70 per cent but it is quite safe as long as you use common sense."

A lack of common sense has not been named by the Government in Lima as the reason more than 300 people were killed in the first half of April, the bloodiest two-week period since the Shining Path began its Maoist campaign.

Four years ago the group blew up the tourist train to Machu Picchu, killing eight people. Peruvian tourist officials, however, claim the only risk in visiting the lost city is the threat of breathlessness and insect bites. The Foreign Office in London takes a more cautious approach: "Tourist installations have been bombed. Since mid-1988, two foreign tourists have been killed and a further two abducted and presumably killed."

Ten parts of Peru are in a state of emergency and travellers are warned: "The Majesty's Government nor any member of the British consular staff abroad can accept any liability for injury." Visitors are advised to travel in groups sticking to the tourist routes. But even in "safe" areas Whitehall says: "Highway robbery is a hazard. Walkers on the Inca Trail have been attacked by bandits, on one occasion with loss of life."

The Inca Trail leads 35 miles from Machu Picchu across the valleys and mountains to Cuzco, the capital of the region. It is difficult to get lost in the thick vegetation - you just follow



Machu Picchu: the lost city of the Incas

the toilet roll. The route is littered with the stuff despite the claims of most trekkers that they are walking the trail to escape the trappings of tourists who can't bear to be more than 100 yards from a flushing lavatory.

The best way out of Machu Picchu is down the sweaty path and along the railway line to Gringo Bill's, where there is a refrigerator full of chilled beer. While the tourist train runs down the valley and the temperature falls on the Inca Trail, Bill's customers are often found sitting in the hot springs which give Aguas Calientes its name.

The stench of sulphur and murky brown water is compensated by the heat and steam soothing the aches of a day's climb. The springs make the village a pleasant pit-stop for tourists who do not mind a lit-

tle discomfort and a great train ride through the Andes.

The railway runs right along the main street and it is possible to walk only four or five steps from a meal table on to the morning service to Cuzco. The dirty local train runs at a pace slow enough to allow hawkers to get on and off with local delicacies such as hard-boiled eggs coated in hot sauce.

Sitting on the open steps between the couplings, the old carriage rock along the Urubamba River and past smallholdings where llamas and children scatter at the sound of the horn. Only the routine army search for coca leaves - the main ingredient for cocaine - obliges passengers to sit inside. The Indians look innocent enough but the soldiers usually collect several bags of the addictive green

leaves when they turn out the bees from wicker baskets and rummage through the contents.

The local passengers co-operate with the search because it rarely leads to arrest. Many are too passive anyway to put up much of a protest - they have been chewing their own supply of coca since boarding at Aguas Calientes and by the time the soldiers arrive they are as high as their homes in the Andes.

■ *Viasa, the Venezuelan airline, flies from London to Lima, with connections to Cuzco with AeroPeru. Journey Latin America (071-747-8108) and Twickers World (081-882-7806) organise tours to the Peruvian Andes. Information from Peruvian Tourist Office, 10 Grosvenor Gardens, London SW1. Tel: 071-894-8982.*

TRAVEL BUSINESS

AIRLINE CATERING at the best of times is boring but, according to a report published yesterday, it can often be the cause of undiagnosed food poisoning ranging from a mild stomach upset to cases requiring hospital treatment.

Holiday Which? magazine, published by the Consumers' Association, yesterday reported the findings of tests on airline food from 14 UK and continental European flights and found what it describes as "alarmingly high bacteria counts" on board eight of them.

One in every four samples of hot food tested was contaminated with bacteria, probably because of inadequate reheating on board. About one in every six cold dishes also had higher than recommended levels of bacteria - and virtually all the cold dishes were served warm enough for any bacteria to be able to multiply rapidly.

In one test of a chicken gîteau, for example, the researchers found contamination by bacteria of faecal origin, indicating poor food handling hygiene.

Holiday Which? was surprised by the findings since it says that cabin staff have little, if any, food hygiene training and in the UK there are no specific food hygiene standards for airline caterers.

Environmental Health Officers, who would normally check on restaurant hygiene standards, cannot at present inspect airline food on board an aircraft. This may change, however, when the Food Safety Bill currently before Parliament becomes law. The Consumers' Association would like to see airlines adopting Department of Health guidelines for cook-chill foods, training for cabin crews, and airline catering to be included in the proposed European Commission directive on food hygiene.

■ ■ ■

NEXT MONTH sees the start of plans to compensate the Air Miles voucher scheme to make it easier for collectors to "cash in" when shopping. Collectors will be given registration cards as a prelude to plastic cards being issued next year which will automatically record Air Miles at the point of sale. The decision reflects the

confidence by Air Miles (51 per cent owned by British Airways) in the future of the promotional scheme in spite of being hit by the downturn in retail sales.

"The slump in shop spending has slowed down our growth but not stopped it," insists Keith Mills, managing director of Air Miles. He had hoped to have reached 20 per cent of the adult market by this stage, nearly two years since the scheme was launched in the UK, but actual penetration is closer to 10 per cent at present.

The scheme is basically a sales promotion weapon for companies who pay between 5p and 5p per voucher from Air Miles which is then given to customers according to how much they spend on goods and services.

The voucher (or mile) can then be redeemed for a flight on British Airways, helping the airline fill up the millions of empty seats it has each year.

Air Miles says that some 2.5m consumers have registered so far as collectors and more than 40,000 people have used vouchers to fly on a BA flight. "Over 500 bookings are now being made each day," says Mills.

Air Miles has just completed a successful promotion with Shell - gaining three times the expected response.

■ ■ ■

THE SHARP decline in package holiday sales to the sunshine resorts in the Mediterranean - bookings this summer are expected to be 20 per cent down in comparison with last year - has prompted the travel trade to come up with some novel ways of boosting demand.

The Association of British Travel Agents has just published a report by Professor Chris Thompson, from the psychiatry department of Southampton University, suggesting that depression sufferers could benefit from a holiday in the sun.

He says that as many as half the population may suffer depression during the winter months because they are deprived of sunlight; a holiday in the sun, therefore, can produce the chemical changes necessary to alleviate both depression and anxiety.

David Churchill

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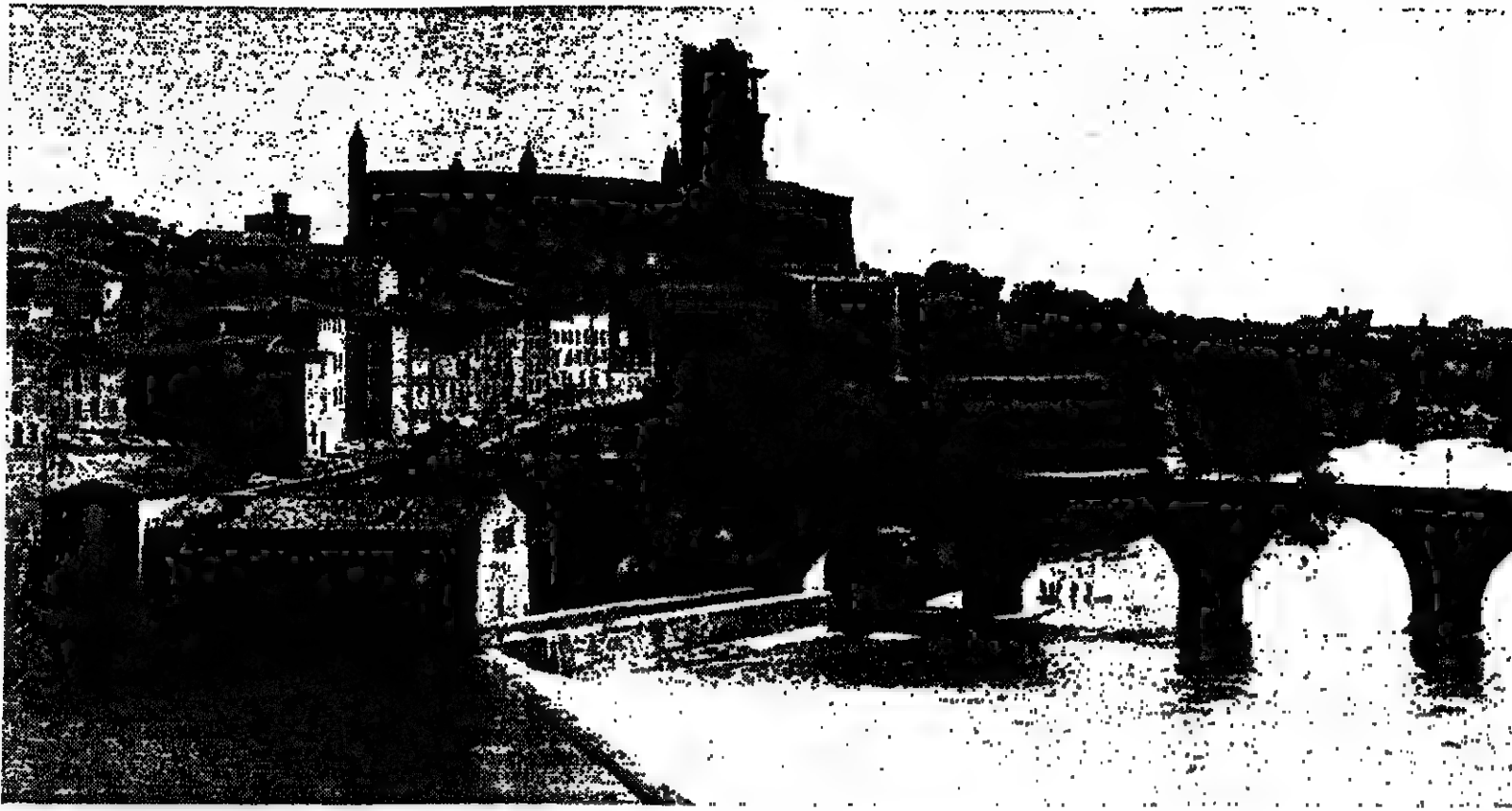
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TRAVEL

A Civilised Weekend

What's it all about, Albi?

Fair stands the wind for France... or so Nigel Spivey thinks



Albi self-denial is out of place

La terre charnelle: the carnal earth, the earthy earth. That is what France is. As soon as you plant your feet on French soil you know that your senses are set for a field day. The further south in France you go, the more certain that knowledge becomes.

Even inside a car, you are reached by la terre charnelle. Sunflowers pack the verges, like hosts of your fondest admirers. Plump cardboard pigs extend a roadside trotter, and beckon you with a menu. At these junctures, you may see lorry drivers vaulting from their cabs, hitching their trousers and striding towards the place that promises to restore them. The temptation registers. Shall you pull up and join them - indulge the flesh with another corking lunch?

You shall. Self-denial is out of place in this land. The puritan, in France, is a barbarian. Whoever wants a civilised weekend on a ham sandwich and a thermos should not go to France.

If you accept eating as a variety of

carnal experience, then France offers herself, region by region. But you also want warmth. You want something to look at that is worth looking at. You want to be out of a metropolis. And you would prefer to be in a place where only a few of your compatriots are likely to be. You will rule out many regions of France with these wants, but not Albi.

Albi lies in the prefecture of the Tarn. It is accessible: a flight to Toulouse takes you most of the way; from Toulouse it needs only an hour's drive. And as you approach Albi, the most endearing feature of the place will be readily evident. It is one of those towns that appear to grow out of their own bedrock: one of those organic towns, seeming to belong to an ancient and natural landscape.

Above the town bricks and sun-tanned rooftops sits a fortress, which anywhere else would look monstrous - but not in Albi. This fortress is the cathedral of Sainte-Cécile, begun in 1282 and finished about a century later. It is of the same dark brickwork

as the rest of Albi, and its size and situation are such that wherever you are, and whatever the peccadilloes of your carnal existence, there is a safe stronghold nearby.

At some stage of the weekend, you must not in on Sainte-Cécile. Contemplating its bulk from the outside, you would hardly believe that it came under the description of "French Flamboyant." Step inside, into an enormous nave, and you will appreciate the flamboyance. The vaults are all tricked out with multiple crochets, and whenever you gaze upwards, an air of gaily some depravity. There are studies displayed here that were done when Lautrec was in his teens, already stunted and malformed from the waist down: the eye for voluptuous movement is there, if focussed upon horses rather than women.

Albi capitalises on her best-known son. You might even stock your kitchen with Toulouse-Lautrec dishes. But with or without him, Albi is an easy place to be in. We stayed at a hotel in the Logis de France organ-

isation, called Le Vieil Albi. It is tucked into the quiet old heart of the town, in the Rue Toulouse-Lautrec. A comfortable double room cost £18 or so. We asked the proprietor where we might eat, and with a nice Gallic modesty he told us that his own son was the best cook for miles around. So we ate at Le Vieil Albi, for little more than £12 a head, and it was one of the best meals we ever had.

Duck-gizzard salad, truffes, pâté de foie gras, smoked salmon: these were the aristocratic preludes to the classic peasant dish of Toulouse, cassoulet. To say that cassoulet is a stew of sausage and beans may excite a British lorry-driver, but his French equivalent does better than that. When it comes from la terre charnelle, cassoulet is a dish fit for angels.

After your prune liqueur, take a stroll over the cobbles, and watch the bats flitting about the brickwork of Albi. This is all very civilised, and quite enough. But if spare hours materialise, ponder the short drive across to Gaillac. Wine, as Hemingway used to claim, is one of the truest tokens of civilisation, and the white wine of Gaillac merits an excursion.

Or take a book with you: Zola's *Nana* (available in Penguin Classics) would match, and offset, the Toulouse-Lautrec. Most important of all, go to Albi with your spouse or lover. It is la terre charnelle.

Le Vieil Albi is at 85 Rue Toulouse-Lautrec, 81000 Albi (tel: 03-54-14-59). In London, you can contact the Tarn Tourist Office on (0171) 587-5948.



A Laurette from the Musée Toulouse-Lautrec

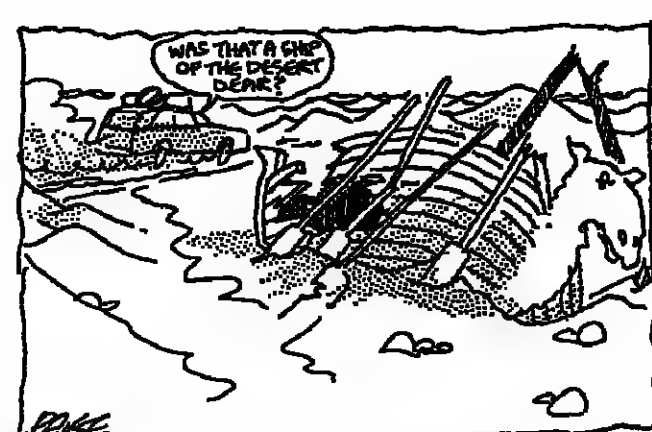
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Africa: proper sand dunes start here

Sophie Henderson crosses the Sahara into l'Afrique Noire

A CURIOUS vestige of French colonial influence in Africa is the tradition that a solid, dependable car must be a Peugeot. Parisians will tell you that they sell like hot cakes in Niger and Mali.

As a result, we set off in a fleet of 15-year-old Peugeot 504s on a 4,000-mile journey that would take us down through French West Africa, across the Sahara's 3m square miles and into the heart of l'Afrique Noire. We might have been the vanguard of the prestigious Paris-Dakar rally, but we had stacked the odds against ourselves in cars that might not have reached Gibraltair.

Africa is a place of imperturbable curiosity, and each time we stopped we drew a crowd of swartzy maghrebian faces and a clamour of French and Arabic. Morocco seemed to be full of monks, men wandering around in hooded habits, the traditional brown djekkabas. Some seemed contemplative, sitting placidly at the roadside, but with an occasional burst of activity others would dart into our path, proffering suspicious-looking packets and making frantic smoking gestures.

A guide attached himself to us in Fez. Without his intimate knowledge of the machine, a morning's visit could easily have turned into a week. Our half-dozen compasses might have been good for steering us across thousands of miles of desert but in this labyrinthine network of alleyways, stalls and mosques, they would have been useless.

At Figuig, the Algerian border was marked by an assembly of tents beneath the palms of an oasis. French passports were accepted gladly, but to our surprise a British one was out of the question. Ten minutes later we were back in Morocco. Relations had been deteriorating between Britain and Algeria and since July of last year the Algerians had been operating a policy of *refoulement sélectif*. I had been selectively sent back.

We decided to retrace our steps to Oran, 200 miles to the north, and to try our luck there. I fringed with nervous exasperation. What a way for the trip to end, sent back after six days. Perched on the edge of a wooden table, the watchtold immigration officer announced that he was sending me back, too. Perhaps a bribe would get me in, but I tried to tell him in giving way. Getting nowhere, we put it off until the moment of decision until after the customs formalities. I walked out and the officer remained sitting on the desk, leaning after me and tapping my passport on his thigh.

I passed a French group in a desert of pristine orange dunes who were breezing through the frontier rigmarole. They had deck-chairs stacked in the back, several crates of Perrier - probably Camembert in the fridge.

Further down the line our weathered Peugeot was surrounded by piles of rucksacks, spare tyres and hundreds of tins of ravioli. I returned to immigration. The officer renewed his barrage of questions:

"Are you married?" "Which of those men is your boyfriend?"

And then he came to the point: "How much do you want to go to Algeria?"

"Very much indeed," I replied, my hand closing round the fistful of notes in my pocket, ready to hand them over. Very slowly, he flipped through the pages of my passport and handed it to me. "Où tu vas?"

I stammered a hurried thank you for his unexpected generosity and fled. The road was flat and straight and seemed interminable. The occasional rocks had a lunar strangeness about them, emphasised by the complete lack of colour all around, but suddenly we saw below us the palm trees of Taghit, nesting at the foot of a group of massive ochre sand dunes.

These were our first proper

dunes. They gently invade the road, first putting out a feeler to see whether conditions are right, and then moving over in force. Dunes are alive, and these monsters below us would have left Taghit long ago had it not been for the water beneath them holding them down.

Even in December the days are very hot, but the nights can get close to freezing. The most beautiful moments of the trip were the silent evenings spent watching the stars making their way slowly from horizon to horizon.

Heading east to In Salah, my co-pilot began hankering after some real desert to drive on: the hard road offended his sense of adventure. Moments later we stopped. The tarmac had come to an abrupt halt. The road had ceased to exist.

From then on it was like driving on an endless cattle grid. Every few miles there was a patch of soft sand. The car seemed to be swimming. On a large stretch of tarmac, even with the tyres deflated, the Peugeot would gradually sink in and come to a halt.

I now know a good deal about pushing a car out of sand... enough for a short lecture course, probably. The sand gets everywhere, we kept it out of the air filter with oily nylon rags but it would find its way into our sleeping bags, into the bluetint tin and even into a tightly-closed water-bottle. Everything took on a dirty shade of yellow, including us.

After that we entered truly desolate countryside, where even the sand dunes eclipsed themselves. One evening, we set up camp in a particularly isolated spot. Protected from the harsh wind by a barricade of jerry-cans, we were brewing some soup when we realised that we were not alone. Three men, sheshes, wound around their heads and necks, had popped up from nowhere and were squatting in a line, mesmerised by our activity.

Soon they were seven; they simply materialised out of the night. The idea of going to sleep in front of our audience of Berbers seemed impolite, if not slightly rash, but when we presented them with some tins of ravioli they vanished.

The desert changed again dramatically at Arak, a few spoilt houses made even smaller by their location at the foot of the Hoggar mountains.

As we advanced, we were swallowed up among rocks that stood tall while others had been reduced to a pile of grey rubble, like the scraps fallen from a giant potter's wheel.

Approaching Tamarrasset, we recognised our first Tuaregs by their dark flowing robes and the strange cross on their camel-saddles. Still Berber-speaking, this tribe has much blacker skin than the Algerians from the north. The Tuaregs have mostly given up their nomadic lifestyle.

Some have exchanged their camels for a "quatre-quatre" (four-wheel drive vehicle) and can be found ferrying Roman Catholic tourists to Asssekrem, Frère de Foucauld's hermitage.

Approaching Guezam we struggled across the dunes of Laouini, where the skeletons of cars, lorries and buses lie in the soft sand, their headlights gouged out and tyres removed: a graveyard of metal carcasses. The road had split into a hundred capillaries, so widely dispersed that if you broke down you might never be seen again.

Finally we got to Niger and the trees reappeared, bringing the greenness that we had been aching for in the monotony of the desert. After 3,000 miles of strict Islam, it was a relief to see women everywhere. Draped in brightly coloured dresses, they waved as we drove by. The faces were becoming negroid; cheeks were decorated with scars. This was l'Afrique Noire.

As our convoy chugged into Agadez, a crowd of people closed in on us, clamouring to buy the cars. A voice cried out: "Paris-Dakar?"

"Paris-Dakar?"

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FOOD & WINE

It's the vineyard that counts

Why can't a vine be more like potato? Jancis Robinson reflects

THE MAN on the podium at the University of Essex is local in origin but is trying to explain to his Colchester audience just how different his current environment is. "You'd be surprised," says the professor, "by the number of young women I see in the area where I live who go jogging carrying weights."

Where else but California? Professor Michael Mullins is the son of an Essex farmer but is now a resident of the leafy university town of Davis near Sacramento in his capacity as a *grand frangère* of wine science in America. It is difficult to think of a higher academic position in the English-speaking world of wine.

Australian hackles may be rising at this point but then, quite apart from the fact that America produces four times as much wine as Australia, Professor Mullins arrived at Davis only after 16 years at the University of Sydney.

Indeed, his accent suggests that wine is still made from grapes and he has obviously been through the Clive James School of Deadpan Witicism as well as the University of Reading, Cambridge, London and Oxford.

Since September 1987 he has been the University of California's Chair of the Department of Viticulture and Enology and American Professor of the same two subjects, grape growing and wine making, which are increasingly recognised as one. It is a sign of the times that this prestige post has gone to a viticulturist, a sign that attention is now focused more on what happens in the vineyard than in the cellar. Winemakers were the wine heroes of the '70s and '80s; people who get dirt on their shoes will be the wine heroes of the '90s.

It was in his capacity as local boy made very good indeed that Professor Mullins was invited by the University of Essex, and Colchester wine merchants Lay & Wheeler (possibly the most striking example of a wine merchant fully integrated into the local community) to deliver a lecture on his work to help celebrate the

University's 25 years of existence. (The University of California first defined its legal obligations to the grape and wine industries in 1880.)

The image of the jogging weightlifter was as relevant in this context as it was potent. It illustrates not just Californians' need to make life difficult for themselves (probably because life in California is so dangerously easy), but the social climate in which the American wine industry is attempting to survive.

The nature of Professor Mullins' work has relevance to wine production the world over however. The problem is that, although growing grapes seems a particularly soft-focus bucolic activity, and wine a particularly "natural" product, the realities of commercial grape growing are somewhat different.

Vines are an agricultural crop like any other and are prey to all sorts of pests, diseases and stresses. Until now vine growers have largely depended on the agro-chemical industry to solve these problems and vineyards may be sprayed dozens of times each year with a panoply of pesticides, insecticides, herbicides, and most important in northern Europe, anti-rat preparations.

The sort of society in which girls jog carrying weights, cafes carry warnings of the presence of microwave ovens and words grow about the ethanolic emissions from their cars is none too happy about chemicals floating about in the atmosphere and oozing into the soil. Nor are those who campaign on behalf of vineyard workers convinced that sprays are beneficial to health (although another motivating force is the desire to reduce labour costs). In fact Professor Mullins goes so far as to say "as a concept, the widespread use of chemical inputs is dead." Roll over, ICL.

Of course this problem is not specific to the wine industry, but the wine industry is much more restricted in the range of solutions available - although Professor Mullins admits that the organic approach of carefully selected cover crops

and pest control is a viable option. Scientists who specialise in cereals and other horticultural crops are busy breeding new varieties with specific resistances and properties that stand a good chance of making those "chemical inputs" redundant.

Since the average consumer would be hard pressed to name any of the old varieties of wheat that went into their bread, they are hardly likely to object to the new ones. Consumers also seem quite happy to experiment with less familiar varieties of fruit and vegetables, provided they can deliver some desirable quality - the crispness of Greenleaf apples or the convenience of La Ratte potatoes being just two recent cases in point.

But the notion of vine variety is crucial to wine perception and legislation. The world's fine wine industry is based on a surprisingly small number of "traditional" grape varieties: Cabernet Sauvignon, Merlot, Pinot Noir, Syrah, Nebbiolo, Chardonnay, Riesling, Sauvignon Blanc, and not all that many more. That these specific varieties be used is fundamental to the laws governing production of wine throughout Europe. To achieve any significant change in the properties or resistances of one of these varieties by breeding, will almost certainly involve having to introduce a parent unrecognised by the quality wine law, argues Professor Mullins.

The German research institute at Gelsenheim, in the Rheingau for example, has bred some superb Riesling taste-alikes that have good disease resistance and ripen usefully early - but they cannot be sold as the familiar variety Riesling, nor even as a good quality wine because they are hybrids, and the EC does not officially recognise hybrids as capable of producing good quality wine, despite tasteable evidence to the contrary.

The response of viticulturists such as Professor Mullins to this problem is to use the tools of biotechnology: they are trying to clone the genes for the plant material directly, inserting

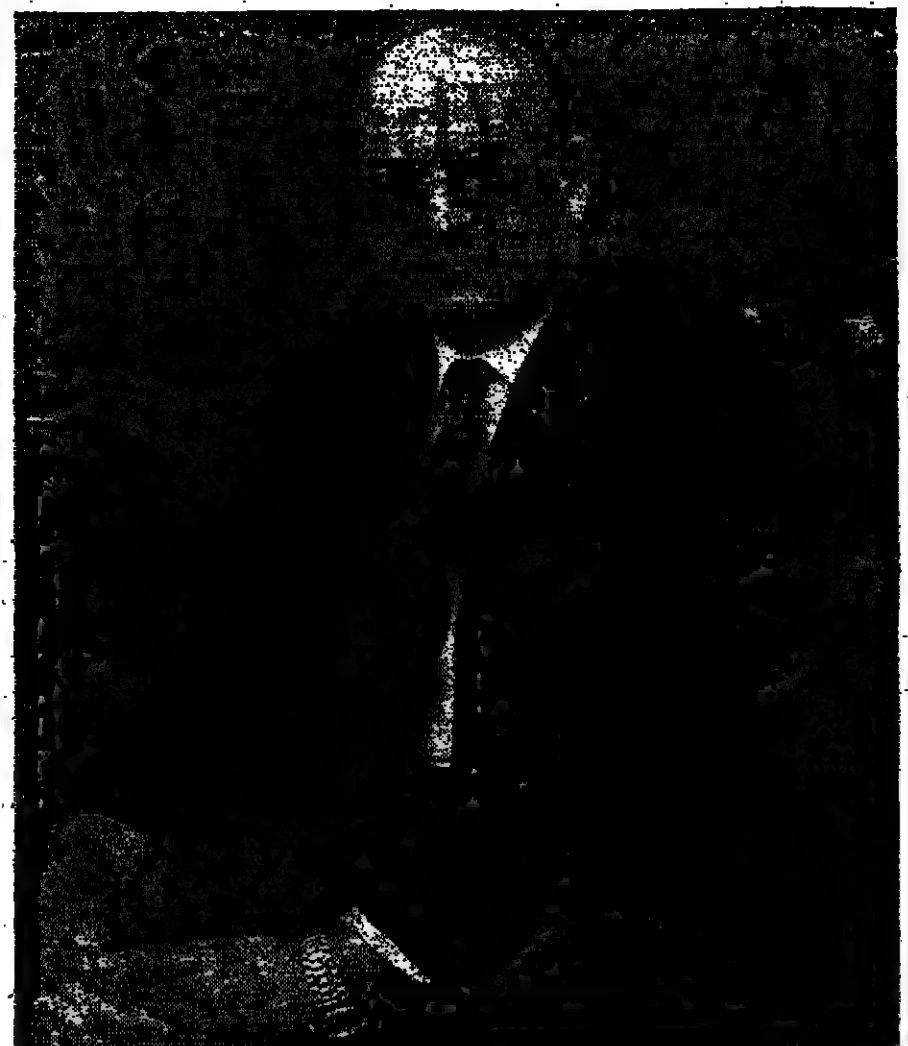
designer DNA into the traditional vine varieties that will give them, for example, resistance to the fanleaf virus that is such a widespread problem in California and Europe, or the ability to flourish in particularly salty soils.

Professor Mullins is not alone in this. He and what he openly admits is his "father" at Davis are just one of the runners in the potentially highly profitable race to develop this technique. They are competing against others sponsored by the Australian government in Adelaide, by Michel Haneau in France and even one of his Davis colleagues whose sponsor is hoping to beat Mullins' sponsor. ("In the US, academic work is all about competing for grants," says Mullins, "whereas in Australia it's all about goal setting.")

They have all been held up by the "technical blockage" of successfully inserting alien genes into plant material. Mullins is hedging his bets between a sort of genetic cannon that brings to mind Woody Allen's "Everything You Always Wanted to Know About Sex" and agro-bacteria experiments in more of what you might call an "Anderson-Strain" format.

What is fascinating about all these man hours, not to mention megadollars, of scientific endeavour is that they are entirely in response to social change and attitudes. In California, and increasingly in Europe, society is unhappy about witnessing scientific manipulation of nature. Professor Mullins' work is predicated on the assumption that we won't mind his sort of manipulation in the lab, but I wonder whether in the long term he's right to dismiss the plant breeding option out of hand?

His view must be coloured by his experience of Tarrango, a red variety developed in the '60s specifically for Australia's hot-temperated vineyards that has not exactly been a runaway success. And, being stationed in California, he must also be heavily influenced by the prevailing philosophy there that if it's not called Cabernet Sauvignon or Chardonnay, it isn't wine. I find this philosophy deeply depressing.



Professor Mullins in the garden of his parents' home in East Angles

— so depressing that I have managed to convince myself that there is a definite trend among knowledgeable wine drinkers to give some of the hundreds of other excellent grape varieties more of a chance. It is just conceivable that in the very long term a new generation of naturally bred "supergrapes," equipped with a full set of

resistances, stress tolerances and even the ability to make better quality wine, may find suitable homes in the vineyards of the world and recognition from legislators and consumers alike, however unconventional their genetic make-up. Naming them will be all-important. A vine-naming unit could be a useful money-spinner for Davis.

High Street Wines

Sainsbury's leads the supermarket wine field and lists 350, of which 1.5m. bottles are sold each week in its 289 shops. I sampled most of the group's 35 wines at a tasting and here is a cross-section.

WHITE
Bianco di Castagna, Castel Nuovo, Pavesa 1988 (£3.89): A fresh, light (11.5 degrees), slightly green-tasting wine from near the southern end of Lake Garda. For drinking now. Gavi, Pavesa, 1988 (£4.45): Produced mainly on the eastern edge of Piedmont in the province of Alessandria, Gavi is probably Italy's most sought-after dry white wine, and correspondingly expensive when made in the commune of Gavi. This has good depth of flavour and is drinkable but lacks the distinction of the much dearer best.

Sainsbury's White Burgundy N.V. (£4.45): It is difficult to find a generic white burgundy at a reasonable quality/price level. If a bit dull, this has authentic flavour.

Saint-Véran, Ch. de Chasseles 1988 (£4.95): With a good chardonnay aroma and a fruity flavour, this is certainly worth the extra 50p compared with its predecessor above.

Sainsbury's Chablis, Charles Monnet 1988 (£5.55): In spite of considerable extinctions of the basic Chablis vineyards, the wine remains relatively expensive. This one has an attractive, fairly typical aroma and is fuller-bodied than most.

Medalla Real Santa Rita Chardonnay 1987 (£5.25): From one of the best-known Chilean wineries, this barrel-fermented wine has a fine, oaky nose and full, deep flavour.

Potentially Fumé les Chantalouettes 1988 (£5.25): Fine Sauvignon aroma, with a strong, long flavour in the mouth. A few bottles of this might be worth acquiring to keep for

another 12 months. Serravallo Vogelsang Riesling QBA, Staatsweingut, Trier, 1985 (£3.19): This quaffable, 10-degree Saar wine has an apple nose and a fruity flavour.

Riesenthaler Gebra Riesling Kabinett, Staatsweingut, Eltville, 1988 (£3.25): From one of the most distinguished individual Rheingau vineyards, this has a fine aroma, but as yet the fairly green flavour of youth. A pity to drink now; one to buy and keep for at least several years.

Wohlener Sonnenrührer Riesling Kabinett, St. Johannishof, 1988 (£3.75): From one of the most sought-after "Middle Moselle" vineyards, this is much sweeter than the two preceding wines, but has good acidity and needs time to develop. With an alcoholic strength of only 8.5 degrees, a bottle could be consumed without fear of substantial after-effects.

Ch. Mayne des Carmes, Saint-Véran, 1987 (£5.95): The second wine of Ch. Renssec, and like its *grand vin* has some colour when still young. Deliciously luscious, an agreeable, less expensive alternative to its classed-growth superior.

Sainsbury's Blanc de Blanc Brat Champagne, 1985 (£10.95): Produced in one of the newer Champagne vineyard areas near Reims, this has a fine, oaky nose and full, deep flavour.

Medalla Real Santa Rita Chardonnay 1987 (£5.25): From one of the best-known Chilean wineries, this barrel-fermented wine has a fine, oaky nose and full, deep flavour.

Potentially Fumé les Chantalouettes 1988 (£5.25): Fine Sauvignon aroma, with a strong, long flavour in the mouth. A few bottles of this might be worth acquiring to keep for

is stronger and more tannic in flavour than some of its high street rivals. Good value.

Sainsbury's Médoc, N.V. (£3.55): With more "class," an elegant bouquet and real style, it is worth the extra £2.00 cost. From the Intercontinental, 1984 (£4.45): From a difficult-to-find Bordeaux vintage, there is a distinct brown tinge to the colour, but with a classic claret nose, plenty of fruit and surprisingly good balance. At its best now.

Sainsbury's Torolongo Rotblauze, N.V. (£3.55): This is from the excellent Mezocorona co-op in the northern part of the Trento province. The torolongo grape produces unashamedly dry wines, but this has a lot of flavour and excellent value for a long, uncomplicated wine that fills the mouth.

Sainsbury's Chianti Classico, 1988 (£3.25): Chianti Classico Castello di San Polo, 1988 (£4.95): The bouquet is ant, fruity but with a good deal of acidity, and comes from the area based on the castle of Rollo where Chianti was practically invented. The second wine, a Riserva made only in small quantities, is much richer, with a concentrated aroma and flavour. The colour is almost surprisingly brown for its age and now at its peak. Excellent value.

Medalla Real Santa Rita Cabernet Sauvignon 1986 (£5.25): The bouquet and flavour are rich and well-balanced. For its age, quality and price this Chateau "Claret" is a challenge to Bordeaux.

Beaulieu Vineyards Pinot Noir 1987 (£7.95): The aroma is rich and the flavour is a little more muted than for Pinot Noir and makes easy drinking, but no great challenge to Burgundy.

St. Joseph, Le Grand Pommé, Jaboulet Aîné 1986 (£5.95): Fair colour, indicative of youth, but unexpectedly lacking in flavour and "size" for a wine made predominantly from the Syrah grape.

Edmund Penning-Roswell

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On the top of a culinary hill

Nicholas Lander on a food success story



David and Roma Pitchford

In the restaurant, used primarily English ingredients.

Their menu was a hot mousse of smoked haddock, a breast of Green-shield duck, Bonchester Cheese and an individual savoury ring with wild and domestic strawberries. Both are unusually knowledgeable about wine, having passed the Certificate and Higher Certificate exams of the Wine and Spirit Education Trust, and in this area they know well.

In fact their preparations for this competition demonstrated two notable aspects of the restaurant - common sense and a great deal of experience at cooking for and looking after customers. It is comforting, but rare, to read on a lunchtime menu that if you are in a hurry you must let them know and they will do something about it, and that they offer a children's menu at £7.50 without hamburgers or fishfingers.

Part of this practical attitude towards their restaurant can be explained by a fact that the Pitchfords met as mature

students on a teacher training course in Southampton, south-west London. David, initially a student at Ealing College, London, had already worked seven years at the Dorchester and the May Fair, prestigious central London hotels, while Roma had worked in catering in the City before becoming one of the first women to teach catering at Westminster College.

In early 1976 their own restaurant was just a dream and they were in fact looking for a home when Roma's father pointed them in the direction of what is now Read's. It is a single-storey building built in the 1960s as a supermarket. It failed and became a mail order warehouse. In the interim a post office was added to one end and, by necessity, a house to the other which is still home to the Pitchfords, their two sons, their dog Don - after Don Pichford - and Roma's mother, who does the restaurant's laundry. However by the time the Pitchfords were househunting the whole property was in the hands of the liquidators who accepted £23,000 for the buildings and some land. A further £12,000 was spent transforming the property. The stores came from a school kitchen about to be renovated; a £10 hot cupboard from a scrapyard. Their only piece of new cooking equipment is a salamander (a very hot grill).

Business was slow to start - 11 customers in their first week - and they were too hard up to advertise in the Yellow Pages, but by 1980 they were showing a small profit. In 1987 the prospect of a hotel opening close by and taking their custom forced them to introduce a fixed-price lunch menu and the discipline this imposed has led to improved margins throughout. The initial price was £10. It is now £12.50 but no-one would quibble with the quality or the quantity.

A coq au vin which boasted the breast, leg and thigh of the chicken, a dish of oxtail that would have seen me

through an afternoon's work in the hop-fields, and a well-executed fillet of salmon with a lobster sauce are some of the main course dishes at lunch time. In the evening there is a fixed price menu of £26 for four courses as well as a number of dishes from local suppliers - game, venison from Wadhurst Park and turbot and Dover sole from Harry Ferry. There are 240 covers on two lists, the smaller, nicknamed "odds and sods" has some real gems, but all are well priced, with 40 wines under £12.

The Pitchfords would have made good teachers and they certainly show a thoughtfulness towards their staff that is rare. As the price of eating in good restaurants rises it is often difficult for those who would learn most from the best restaurants to afford them - a young chef could easily spend his full week's wages on dinner for two.

At Read's however there is a "grub tin" every week each member of staff pays in £2.50 and any extra tips are pooled and, when it is deemed ready, the Pitchfords take all their staff out to eat. They maintain it is the quickest way for their staff to learn. Trying to teach a chef to get a particular sauce just right can take weeks but tasting somebody else's well-executed version can bring instant results. Roma, responsible for the service, was appalled by their last visit to a Michelin two-star restaurant when a waiter stretched right across the table and she made this clear to her staff.

The Pitchfords would love to leave their early 1980's building but they do not want to move too far. The modesty of the building has one great advantage in that it does lower customers' expectations. They have seen people draw up in their cars wondering if they are at the right address. Those who have eaten there know they are at the right address and their loyal following comes from all over Kent and south London.

Read's is the type of restaurant that many believe exists only on the other side of the Channel - a family-run restaurant, offering very good food at sensible prices, some wonderful wines and friendly service. With its location only half an hour from either Folkestone or Dover, Read's can easily stand this type of gastronomic comparison.

Read's, Pichford's, Folkestone, Kent, ME13 0EE. Tel: 0755-533344. Open Tuesday-Saturday, Lunch 12-2pm, Dinner 7-10pm.

Cookery

A feast of asparagus



asparagus are several. There is no need to tie in bundles, which makes testing if it is done much easier. And steaming is not so speedy that the vegetable can turn from under-cooked to soggy the moment your back is turned. Steamed asparagus retains its colour well, the stalks stay firm and there is no danger of waterlogging.

ASPARAGUS & ALMOND RISOTTO
(Serves 4-6)

About this time last year, we decided to celebrate with a special asparagus lunch. The idea was to gorge on nothing but asparagus and hollandaise sauce, with a modest bowl of fresh apricots to follow the

cholesterol feast. Our plan, like many of the best food, was thwarted at the 11th hour by the unexpected arrival of friends. With no time for further shopping, the two of us had to be stretched to become lunch for five. I made this risotto.

I used 1½ lb asparagus on that first occasion although, in repeats of the recipe, I have discovered you can use as little as 1 lb without seeming mean. You can also replace some of the asparagus with fresh peas if needs be; but, in that case, the dish can hardly be called an asparagus risotto. The inclusion of almonds and bread crumbs may sound like an economy measure (particularly the use of the crumbs) but they make important contributions to the dish, adding nutty sweetness and crunch to the creamy rice.

1 lb asparagus; 2-3 shallots; 2-4 good stock; 3 oz ribbed almonds; 2-3 oz very coarse bread crumbs; a little butter; 3 tbsp freshly-grated Parmesan cheese.

Method: Wash, trim and scrape the asparagus. Cut the tender parts into 1½-inch lengths. Put them into the top part of a steamer pan (or into a Chinese bamboo steamer basket that will fit neatly over your stock pot) and reserve.

Throw away the tough bottom parts of the stalks or, if time permits, chop them finely after "cleaning" and "cook" them in the stock for about 20 minutes so they give their flavour to the liquid. Then strain the stock and discard the woody stalks.

Chop the shallots and soften them slightly in a generous nugget of butter. Stir in the rice and, when the grains glisten with fat, add a ladleful of the piping hot stock. Cook over medium-low heat, stirring occasionally, until most of the liquid has been absorbed. Then add more stock and continue cooking (always without a lid) for 15 minutes or so, stirring and adding stock as necessary, until the rice is creamy tender with a hint of bite in the centre of the grain.

While the rice is cooking, steam the asparagus over the stock and fry first the crumbs, then the almonds, in a little butter until crisp and golden. For my taste, the asparagus needs 8-10 minutes to steam. Quencher of brief interruptions each time more stock is added to the rice pan.

When the rice is ready, season it with the Parmesan, salt and pepper. Mix in gently but thoroughly the tenderly-steamed asparagus, and the crisply-fried almonds and crumbs, and serve straight away.

Philippa Davenport

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HOW TO SPEND IT

It seemed a grand idea at the time

Picking a tune is easy compared with picking a piano, says Patricia Morison

EMERGING FROM a recital by Alfred Brendel, the Austrian pianist, at London's Festival Hall, a pleasant fantasy entered my mind. Learning to play the piano would be my project for the decade, a simple and ecologically costless way to improve my quality of life.

The first step would be to buy a decent piano, one which would be a good friend to a novice. For my experiment a national figure of £5,000 sounded reasonable. That would work out over the years at about £10 a week of, I hoped, steadily more harmonious pleasure.

Unfortunately, buying a piano proved to be a nightmare, to be compared only with buying a horse or a second-hand car.

I consulted a friend, Patricia Hancock, head of piano studies at Kingsway College in London. She was enthusiastic about Weinbach, a Czech firm which has made pianos since the beginning of the century. Kingsway will be opening a large music centre in September and, after some deliberation, has decided on seven Weinbach pianos. I liked the idea of a Czech piano. It evoked thoughts of Janáček and furthermore, I sensed a bargain.

Bosendorfer stocks Weinbach pianos, so my friend and I visited their Marylebone Lane, London, showrooms and their underground repository off

Oxford Street. For an enjoyable hour, my friend played on half a dozen Weinbach grands and uprights. She was delighted and amazed at the reasonableness of the prices.

She preferred a Weinbach upright to a Yamaha which was twice the price, and felt the Czech piano had a "real dolce quality, which would blend marvellously in chamber music."

She commented on the "affinity" of the Weinbach tone to the Bosendorfers. All of which amounted to a very solid recommendation.

The salesman then told us about Weinbach's sounding boards of spruce, grown and maturated in Siberian permafrost. Plywood, used by certain competitors, seemed a rather alarming notion. The Czech production system - whereby one craftsman does all the regulation of an instrument - was contrasted with "the conveyor belt approach" of far Eastern competitors. It all sounded to a layman, reassured thoughts of Janáček and furthermore, I sensed a bargain.

By this stage, ears aching

with Schubert, I was in a state of some rapture. The feeling intensified on hearing that the smallest Weinbach grand (5 ft 1 in) is £5,950 (including VAT). A 5 ft 8 in is £6,250, whereas a same-size Bosendorfer is £20,355. Among the uprights, prices range from £2,100 to £2,835, with a wide range of veneers and finishes. The smallest Bosendorfer upright is more than £10,000.

Bosendorfer offers a discount to music teachers and students, so an upright selling for £2,835 would be reduced to £2,196. More germane to my inquiry, if within three years I wanted to upgrade to a Bosendorfer, the company will take it back at cost price, less Value Added Tax, if their technicians service it.

Could I get a little nearer a grand for £5,000? Yes, said Richard Webb of Internmusic at Poole in Dorset. Internmusic distributes pianos, bringing in one third of those imported into Britain. Petrof has the largest piano-making factory in Europe at Hralec Kralove, making 25,000 uprights a year and 800 grand pianos. They also supply the actions (the "guts" of a piano) for all Czech makes. At Jacques Samuel in London's Edgeware Road, I could buy a 5 ft 2 in Petrof grand for around £5,000. I asked about Weinbach. Not stocked, I was told; a Petrof was a much better instrument.

At this point, my quest became complicated. By chance I picked up the March issue of *Classical Music*, which carried an interview with Chris Venables, a piano dealer at New Milton in Hampshire. Venables denounced the murky pricing methods which he claims are now widespread in the piano business, and which are highly damaging to its image. Many dealers operate a two-tier pricing system, adding approximately 30 per

cent over and above the accepted wholesaler-to-retailer mark-up. The punter either pays the inflated price or is lured into a purchase by an apparently splendid "discount."

Venables produces a printed guide to pianos, now updated, which provides free (0425-888866). Tests were carried out by an unnamed team of four, two "leading tuner/technicians," a recent winner of the piano teacher of the year award, and a concert artist and teacher. I noted that Bosendorfer, Bentley, Young Chang and Fazer declined to supply pianos so were not included in the tests. Somewhat oddly, in the section on manufacturers and their trading names (a complicated matter these days) there was no mention at all of Bosendorfer. Nor did Weinbach feature. Petrof did, and was marked third from bottom in the section on grands, fifth from bottom in the uprights.

What did Venables think about Weinbach? "The Skodas of the piano world," he wrote. "It was not a completely negative judgment. They have a nice tone, and are not badly constructed, but they are difficult to regulate." This was his view. He then contradicted almost everything I had heard.

Steinways are constructed from plywood, and far from there being anything wrong with the stuff, it makes the strongest structure which cannot warp, bend, split or crack. The computerised methods of a manufacturer like Yamaha produce standardised pianos

which "have less room for error and are better finished than anything out of eastern Europe."

I could buy a Yamaha 5 ft 3 in grand for around £5,399, always remembering to ask for a discount. It would not have the "soft, pretty sound" of a Weinbach - or in my friend's judgment, "warm and clear." In the Far East and America, they like a bright, metallic sound. However, a Yamaha technician could change that by driving pins into the felt.

To Venables, my method of choosing a piano (by taking along a professional) had been misguided. He suspects that teachers have prejudices which warp their hearing before they even start to play.

The crucial factor is durability, the quality of components and the construction. These are what distinguish an expensive piano from a cheap one. As a result, Venables was cool about the idea of going for a second-hand piano, although he thought there was a case to be made for reconditioned Steinways, Bechsteins, Bosendorfers and pre-war Blüthners.

Feeling by now bewildered and thoroughly disenchanted, I consulted Edward Higginbottom, director of music at New College, Oxford. In general terms, he was reassuring. Unlike cars, pianos are a reasonable investment. One course would be to spend more on a well-reconditioned famous name, perhaps £10,000 for a post-First World War Steinway, Bosendorfer or Bechstein. As long as I was well-advised about the state of health of my

purchase, it should be a piano which will hold its value and even increase.

Ah, there's the rub. "An honest piano broker is a rare thing and it's hard to avoid mistakes," says Higginbottom. How, then, does a novice get good advice? Higginbottom recommends the help of someone



Andrew Kambie, of Yamaha Kambie, with a line-up of pianos

with a good reputation for repairing or reconditioning.

One of my favourite pieces is Janáček's "In the Mist." At the end of all this, I was certainly in a fog. My fantasy still beckons, but should it be a Czech piano which will lead my beginner's steps along the path?

Because parts often are interchangeable, many motor-cycles now for sale are made up of spares. This reduces the value; novices can be caught out by spending too much on a bike with, say, a mis-matched engine and frame.

There are three main ways to find a bike. Magazines carry small ads from readers. Auction houses, such as Sotheby's and Phillips hold regular sales while specialist dealers hold sizeable stocks. All options have pitfalls. Auctions can offer bargains but, while the houses make every effort to describe the bikes, there is no guarantee that the machine is sound mechanically.

Private sales are as problematical, but at least you can listen to the engine, test the compression, check for oil leaks and, possibly, take a test ride. In both instances, a knowledgeable friend at your side is a strong advantage. Failing that, find a reputable dealer, who should offer some form of guarantee.

I bought my first bike from a well-established dealer called Verralls in Tooting Bec, London. It developed a bad oil leak immediately and the firm offered my money back or a smaller bike. For someone like me who has difficulty telling the difference between the carburetors and the crank-case, this guarantee is worth a premium of a few hundred pounds just for the peace of mind. However, my friends think this is a further waste of money because I've lost my mind, anyway...

The 10th Anniversary Classic Bike Show is on April 28/29 at the Stafford County Showground, near Stafford. Sotheby's is holding a motor-cycle auction at the show on April 29. More information from Sotheby's on 0771-493-5050.

Peter Knight

Most of these are produced by Roy Bacon, a veteran writer in the field. His publications contain essential information for buyers, such as what engine and frame numbers to look for.

An old motor-cycle's value is related to its authenticity.

Peter Knight

Walking back to happiness

ONE OF THE brighter aspects of the retail scene, from the consumer's point of view, is that whereas once the UK's high streets seemed awash with shoes that one hoped never to see again, let alone to put upon the foot, these days one has to restrain oneself from buying.

The scene really has been transformed almost out of all recognition. Whereas before there seemed to be a choice between the cheap and nasty mass-produced items that no designer would have had anything to do with and the rather sedate and middle-aged designs in the quality shops, these days the once stodgy shops are producing infinitely beguiling fashionable footwear, while the cheaper end of the market has brought some designers in on the act.

Whether you are spending £25 or £150 this summer you ought to be able, somewhere, to find a shoe to suit. This isn't to say that the £25 model will be as fine or desirable as the £150 cousin, but it will at least be in an up-to-the-minute shape. And if it doesn't last forever - well, you can buy a new pair next year.

For example, for years nothing was harder than to find a really attractive summer sandal. This year you are spoiled for choice. Sketched here are just some of the best.

1. The perfect sandal to accompany the currently fashionable safari-look. In grained leather in tan, khaki or black, it has a lowish heel and cross-over straps. £115 from Fratelli Rossetti shops at 196 Sloane Street, London SW1 and 177 New Bond Street, London W1. Sizes 35-46½.

2. See-through heels or black nylon mesh on a rubber base, high-fashion version of the sporty sneaker. Sizes 36-41, £175 from Joseph, 77 Fulham Road, London SW3 and 26, Sloane Street, London SW1. (Mail order available, £4 post & packing).

3. Tan or navy leather



Drawings by James Fergusson

new-season lace-ups. Sizes 3-8 from Max Bally, 92 King's Road, London SW3.

4. Another sandal of the sort that looks good with summer shorts and all the safari looks. Made from newbuck (a stronger version of suede) it comes in tan, cream or khaki. £24.95, sizes 4-8 (plus half sizes) from Fenwick, 63 New Bond Street, London W1. (Mail order, £2 extra).

5. From Crispins, that haven

for the tall and large, a striking black and white parchment fabric shoe embellished with black patent leather. ¼ in heel, leather sole. Sizes 41-44 (English sizes 8-11C), £76.95, from Crispins or 25-30 Chiltern Street, London W1, or from Crispins in the Royal Exchange Shopping Centre, St. Anne's Square, Manchester M2. (Mail order £2.75 extra).

6. Rather Oriental sandal in brilliantly-coloured fabric

- either a black, cream or white background with coloured flowers. Sizes 3-8, £2.95 (plus £2) from Fenwick of 63, New Bond Street, London W1.

Lucia van der Post

MARTIN AMIS'S new novel *Hus* abandoned and, frankly, the *Economist* is far too boring now that I've found a magazine called *Classic Bikes*.

I might be missing out on economic trends and the latest developments in literature but I could write a thesis on the bewitching beauty of old motor-cycles. I have finally bought the bike I always wanted and now I'm happy to buy more friends and family despair. But this is what happens when you suppress a teenage dream for too long.

I own a Triumph Bonneville, a true British classic complete with the essential vibration and oil leaks that helped to secure its demise. I'm looking for a 1960s Harley-Davidson Electra-Glide in blue or black and, possibly, a BSA Lightning or a similar vintage machine. Velocette Vespa with flat-tail exhaust is also rather attractive...

The three will cost me around £10,000, part of which sits in the Abbey National generating a safe but very boring rate of interest. In five years I could sell my motor-cycles and make a decent return, because classic bikes can be a good investment. Meanwhile, I'm having far more fun watching cylinders throbbing beneath me than I ever had with my savings book.

Last year Eddie Shah, the newspaper owner, paid a record £44,000 at a Sotheby's sale for a rather magnificent 1930s bike called a Brough Superior SS100. Last month, Sotheby's sold a 1955 Vincent Black Shadow Series D for £20,000 to a Japanese collector.

Unlike classic cars, the market for which has levelled off in the past year, old motor-bikes have increased in value.

CHESS

EARLY ROUNDS of the Watson, Farley & Williams international, which ended this week, suggested an interesting struggle of generations. The leader was Bent Larsen 55, world title contender of the 1960s and 1970s when his great rivals were Bobby Fischer and Boris Spassky. His closest pursuer was the 23-year-old American Patrick Wolff who went to the front after Larsen's defeat in the eighth round. With two rounds to go Larsen and Wolff were joint leaders well ahead of the rest.

The WF&W annual - noted for the unrivalled gourmet snacks supplied to competitors and spectators - is sponsored by a firm of City solicitors which specialises in international and commercial law, and is hosted at its offices in Minorie. The Corporation of London is co-sponsor and this year's first round was played at the Guildhall.

When the tournament began, it was soon apparent that Larsen, who won last year in fine style, was in excellent form. Times change. Not many years ago, Larsen used to deride British events for their poor playing conditions, now he admits that London stimulates his creative energy.

His best gains from the early rounds was a triumph for his preferred long-distance strategy, chipping away at his opponent's centre from the flanks. Black's pawn front looks impressive, but the White pieces always threaten to infiltrate round the back at a7 or b6.

Black makes a few barely perceptible errors - at move

19, it is better to recapture with the rook rather than the bishop, while a few moves later he should try to defend by Bx47 - but these are sufficient to improve White's position from pleasant to winning. At the end, Black concedes because if 29... dxc5 30 Qxd7 and White either gains decisive material or mates.

White: B. Larsen (Denmark). Black: J. Tisdall (Norway). Dutch Defence (Watson, Farley & Williams international, City of London 1990).

1 e4 f5 2 Nc3 Nf6 3 d4 g4 4 g3 Bg7 5 Bg2 0-0 6 Bf3 16 7 0-0 Nf6 8 Nf3 9 Qe4 10 dxc5 bxc5 11 Nd4 12 Nf5 13 Nf6 14 Nf5 15 Bg5 16 Bf6 Bxf6 17 Rxc1 Bxc3 18 Rxc3 Nxc4 19 Qxc4 Bxb5 20 Q4 Kf7 21 Qe3 22 Rd1 Qf6 23 Qd2 Rb8 24 Rb3 25 Qd3 26 Bx7 Bx7 27 B4 Rf7 28 Rb3 Bc4 29 hxc5 Resigns.

The WF&W programme stated that the previous recorded chess within the City walls was as long ago as 1872, but this is not quite correct. In 1976, Julian Hodgson, then a 12-year-old prodigy and London amateur champion, gave a simultaneous at the Guildhall against City opponents to launch Lloyds Bank's chess sponsorship. Hodgson, now a grandmaster, celebrated his return by defeating the WF&W top seed, Murray Chandler.

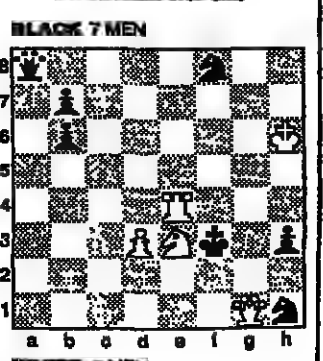
In truth, White's pawn sacrifice at move 18 (where 18 Rxb3 Qb2 gains material) is not really convincing, but Chandler became short of time and fell for Hodgson's elegant final attack which won the black queen.

White: J.M. Hodgson.

Black: M. Chandler. French Defence (WF&W 1990).

1 d4 e6 2 d4 e5 3 Nc3 Nf6 4 e4 Nf5 5 f4 6 Nf3 7 Bc4 8 Qd2 9 Qd2 10 Qd2 11 Rb2 Qb6 12 Nc2 13 Nd2 14 Nf3 15 Nf2 16 Bg5 17 h3 Bx3 18 g4 Bc7 19 f5 Qb8 20 Bg2 Bb4 21 Ng3 0-0 22 Bc3 23 Bc3 24 Bc3 25 Bc3 26 Bc3 27 Bc3 28 Bc3 29 Bc3 30 Qg4 31 Qf5 hxc5 32 Qg5+ Kh5 33 Bxc5 Qe8 34 Bf6+ Rxc3 35 Qxc5+ Resigns.

PROBLEM No. 511



WHITE 5 MEN

Black mates in two moves against any defence (by C. Mansfield, 1958). This week's problem was among the many by Britain's greatest composer which won first prize in a tournament. As a clue, the key piece is the knight, but solvers still have to find why only one of the knight's eight possible moves works.

Solution Page XXI

Leonard Barden



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PERSPECTIVES



History lesson: David Lascelles (left) with acting headmaster Alan Evans-Jones

Back to School

Lancing's enduring quality

David Lascelles with the first of a new series

TWENTY-EIGHT years seems like a chain of time. On the far side is a jumble of memories, some still vivid, like being bluffed by an obnoxious Latin master, or getting into the school fires team. Others are just a blur: the apprehensions of new boyhood, and the mellow pleasures of seniority. It all came flooding back as I drove up to the great neo-Gothic pile on the side of the Sussex Downs. "Lancing", people always say. "That's the one with the chapel isn't it?" Yes it is. The God box, as we called it, left me profoundly atheist and wary of monumental schemes, but it introduced me to the wonders of Gothic architecture and Bach organ fugues, for which I am grateful.

Actually, the chapel had less influence on our lives than you might expect. We trooped in there nightly for half an hour of prayers and hymns in accordance with the wishes of our founder, the redoubtable Nathaniel Woodard, who once said: "Education without religion is, in itself, a pure evil." But contrary to this harrowing stricture, Lancing's regime has always been remarkably liberal, a paradox which Basil Handford, its historian, explains thus: "It is typical of Lancing which, owing perhaps to its high purpose, has always refused to be seen to be taking itself too seriously."

We, or at least the group to which I belonged - were allowed to pursue a host of eccentric interests, unhampered by pressures to excel at games or shape up as future leaders of the land. To my knowledge, few of my generation have risen to prominence in business or politics, but plenty blossomed in culture and the arts: playwright David Hare, lyricist Tim Rice, Oscar-winning Christopher Hampton, and the FT's cinema critic Nigel Andrews. It was fashionable to be intellectual. We belonged to a culture which reached back to Lancing's best-known son, Evelyn Waugh, would weary without actually knowing what the real world was all about. Tom Driberg, the flamboyant Labour peer also went there.

A familiar wind cut into me as I stepped out of the car, a reminder of the more bracing qualities of life at Lancing. But it was a stirring moment: the bright spring sunshine sparkled on the flint structures whose every detail I realised I still knew intimately. How much had changed? I spent the day there, talking to masters and pupils, sitting in

'We were world weary without knowing what the world was all about'

ter. Only the senior boys had studies in my time, now most have their own bedrooms from the age of 18. There is a fine new music school and swimming pool; even carpets in the classrooms. On the teaching side, it was good to see the classics yielding some place to more modern subjects like economics, technology and business studies. In languages, my own subject, there seemed to be much more emphasis on the spoken word and the contemporary scene. I became an expert on obscure 19th century German playwrights but was taught literally nothing about the Federal Republic.

A few cameos highlight the ways things change. Some boys have credit cards. School seems a far place such as the Far East and Australia. For most boys, the only uniform requirement is a tie. The word "professional" is used unashingly to describe the school's approach to its work - a word that would have been disdained a quarter of a century ago. And chapel has been cut to one compulsory service a week on Sundays, a tremendous concession to the new realities.

But I detected much less change than I expected in the overall regime. Alan Evans-

Jones, the acting headmaster (the headmaster, Jim Woodhouse, has taken a term off to lecture in the US) told me that school policy was still to "leave room for individuality," though the rules also still matter.

Possibly because Lancing - motto: *Beati Munde Cordes* (blessed are the pure in heart) - was always liberal, it had less reason to change. There are the same frictions about going into Brighton and even Worthing, that well-known south coast fest-pot. Miscreants still have to write lines. But within those bounds the boys and girls are left very much to their own devices: few compulsory activities, but a wealth of good facilities which are well used. And it works: the school's academic and sporting attainments are high, and numbers are at record levels.

Some of the longer-serving masters advised me that I would have seen much bigger changes if I had returned 10 to 15 years ago when youth was going through its rebellious phase.

I was curious to find out how much the culture of the school had adapted to the demands of Thatcherite Britain. Was Lancing fostering a new generation of entrepreneurs to do battle in the international market place with the Germans and the Japanese? Were these privileged and capable boys and girls mapping out ambitious careers in industry and finance?

The answer to both these questions, I fear, is few. Apart from those who dream of making their fortune in the City, many have set themselves the vaguer goal of achieving "intellectual fulfilment." One boy even told me: "The most prestigious thing you can do here is go to university to read classics!"

That is not to say that science is not thriving at Lancing. But the cultural divide between arts and science has narrowed less than I expected. Perhaps pupils should not be asked to specialise so early on. Perhaps more businessmen should become teachers.

Those are suitable questions for Sir Derek Alun-Jones, the ex-boss of Ferranti, who is chairman of the school council. Personally, I find myself divided. I still look back on my last two years at Lancing as some of the most stimulating of my life. But I now know that more maths and science would have done me a lot of good. Night had fallen by the time I left. I looked back to see the chapel floodlit and huge against the hillside. I resisted

the surge of nostalgia. But it had been an intensely personal day in which I had rediscovered part of myself as well. By the standards of some public schools, Lancing is a mere mustart, only 162 years old. But I had sensed its permanence.

Archaeology

The man who unearthed Troy

Kerin Hope on the vindication of Heinrich Schliemann

THE REPUTATION of Heinrich Schliemann, the German-born businessman who turned to archaeology after amassing a fortune in the mid-19th century, has taken a battering in the past few years.

Even in his own day, Schliemann's lack of scholarly background made him an easy target. Study-bound classicists were unwilling to accept that an enthusiastic amateur determined to take Homer's *Iliad* literally could unearth a prehistoric city with a plausible claim to being ancient Troy.

Recent studies accuse him of misrepresenting events in his own life, and even of fabricating one of his greatest finds from the mound at Hisarlik, the golden hoard known as "King Priam's treasure," by adding items acquired elsewhere in Turkey.

With this year marking the centenary of Schliemann's death, his contribution to Aegean prehistory is being reappraised. At an international conference in Athens last month, the senior field experts came out in favour of rehabilitating him as the first true "spade archaeologist," for whom excavation was all-important.

However, realising the "Dream of Troy" was made much easier for Schliemann through his friendship with Frank Calvert, a British businessman who owned a large estate near the Dardanelles - including part of Hisarlik - and enjoyed excavating occasionally.

Calvert's dilapidated approach to digging paled in comparison with the archaeological juggernaut launched by Schliemann in the early 1870s. He hired 150 workmen, calling in extra

hands on Sundays, dosed them with quinine to prevent a malaria epidemic and made them excavate 13 hours a day.

According to the dig diaries, each workman hauled away four cubic metres of earth a day. That is eight times as much as the current excavators at Troy can manage, says Prof Manfred Korfmann of Tübingen University, who directs excavations around Hisarlik. "Modern archaeologists are always amazed at how much Schliemann was able to observe, measure and publish. He took full responsibility for the speed and size of his excavations, rethinking his interpretations and criticising his techniques," he says.

In his eagerness to reach the lowest level, which he thought must contain the remains of Priam's palace, Schliemann cut straight through the layer that archaeologists now identify with Homer's Troy. In fact, King Priam's treasure belongs to a level one thousand years earlier than 1250 BC, the currently accepted date for the Greek siege of Troy.

Breaking his contract with the Ottoman government, which required the finds to be shared with the museum in Constantinople, Schliemann smuggled the treasure to Athens. His young Greek wife, Sophia, was photographed wearing an elaborate gold diadem from the hoard. The Turks were furious and sued Schliemann in Greece; after years of legal bickering he paid a fine and kept the loot. Eventually, he was even allowed to excavate again at Hisarlik.

To promote his discoveries, Schliemann rushed into print, sending long reports to German and Greek newspapers from the excavation site. But

acceptance that Hisarlik might be Troy came only gradually. The British scholarly establishment was more easily persuaded than the German, and Schliemann was particularly grateful for support from Gladstone, then the Prime Minister.

Schliemann's critics say that he was dishonest, both scientifically and personally. His archaeological record-keeping was unreliable, they argue, and he embellished his reputation as an early jet-setter with

unforgivable flights of fancy.

It is certainly true that Schliemann fabricated an account of a visit to Washington and a White House reception - although it has now been shown that he really did interrupt excavations at Mycenae in Greece to escort the Emperor of Brazil around the Troad.

As a disgraced clergyman's son who left school at 14, Schliemann was anxious to secure academic and social recognition. His American citizenship was obtained on the basis of two years' profitable activity during the Californian gold

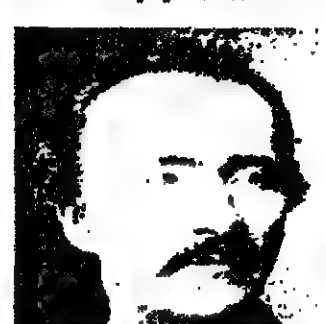
rush of the 1850s, but he felt qualified to lobby - unsuccessfully - to become US ambassador to Greece.

Although he often left Sophia with scarcely enough cash to pay their hotel bill, Schliemann spared no expense when it came to building the "Hion Melathron," a baroque extravaganza which still stands in the centre of Athens. All its rooms are decorated with extracts from the works of ancient Greek authors. A series of whimsical frescoes in the ballroom shows the Schliemanns as cupids pulling out prized finds from their various excavations.

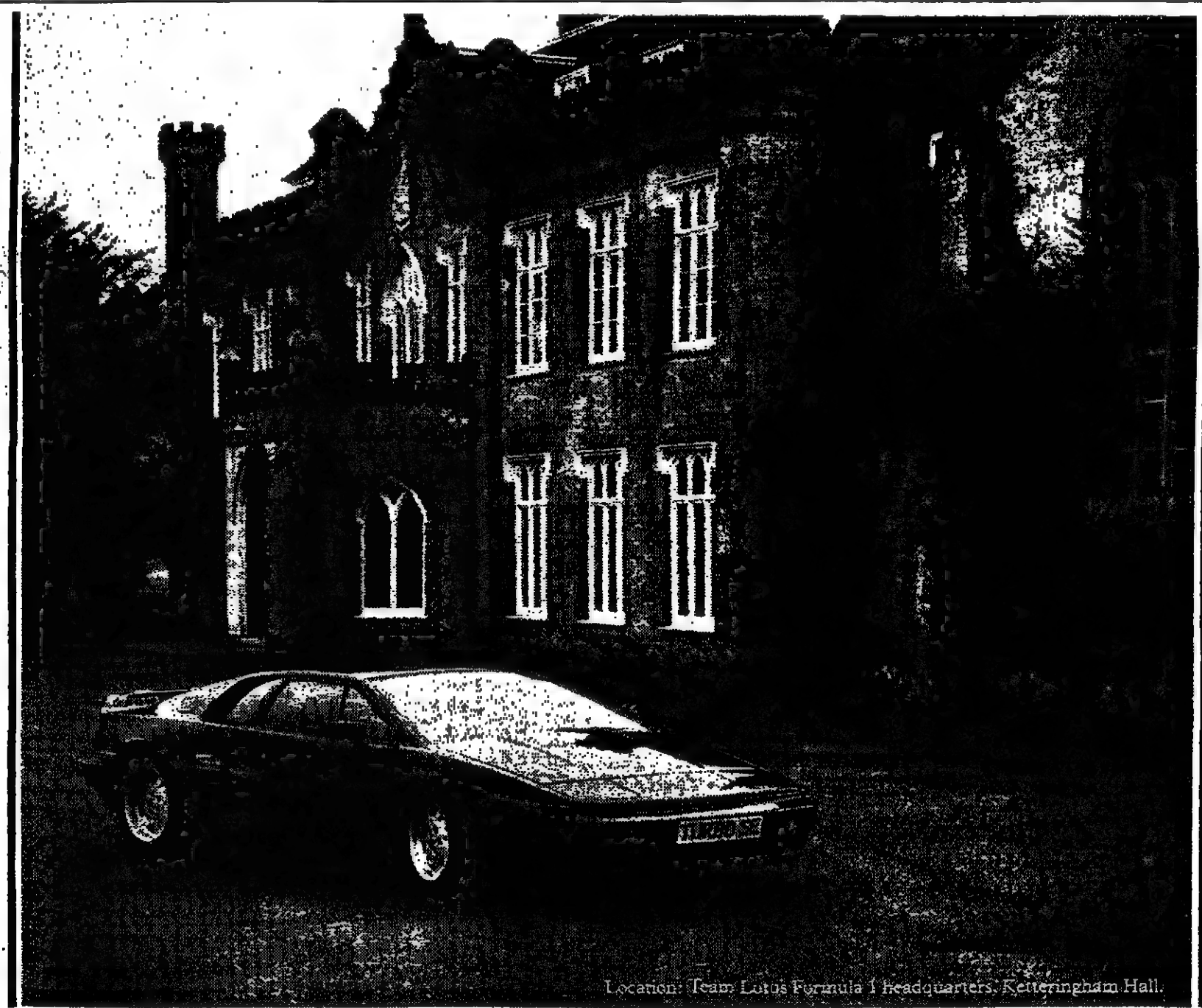
The building was used after Sophia's death to house the Greek supreme court, but now stands empty. It was partially refurbished a few years ago and the Culture Ministry is now planning to turn it into a numismatic museum.

However, Greece's leading Schliemann scholar, Prof George Korres, disagrees strongly. He has tracked down much of the original furniture, elaborate pieces modelled on ancient Greek designs, as well as family portraits and books from Schliemann's personal library. "The house should be restored as a museum in its own right, with a Schliemann archive where scholars can work," he says.

Schliemann's finds from Greek sites are on display in the National Archaeological Museum in Athens. After years of indecision, he presented the Trojan finds to Germany, on condition they would be shown in rooms bearing his name. "King Priam's treasure" disappeared from the Berlin Museum of Early History at the end of the Second World War and has not yet turned up.



Schliemann: an amateur who beat the professionals



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YOUR LAWN IS ONLY THE BEGINNING

NEW YORK IN MAY - A COLLECTOR'S GUIDE

THIS IS the month which will once again confirm the dominance of New York as the international centre for the buying and selling of high quality works of art. Indeed, if events go according to the plans of the two major auction houses, Sotheby's and Christie's, news will be created that will make television bulletins and newspapers worldwide.

On the evening of May 15 at Christie's elegant auction rooms in Park Avenue its president, Christopher Burge, will take the rostrum and offer for sale 81 Impressionist and modern paintings and sculpture which should bring in more than \$250m (£155m) in little over an hour, setting a record for any Christie's sale anywhere.

With a fair wind behind him Burge could claim an even greater prize, a record for any work of art sold at auction. Van Gogh's portrait of his physician, Dr Gachet, who a few weeks after the picture was completed vainly tried to revive the artist after he had shot himself, carries a top estimate of \$60m, close to the current auction record of \$53.5m paid in 1987 by Alan Bond for Van Gogh's 'Irises' which is now owned by the Getty Museum in Malibu, California.

Two nights later John Marston, president of Sotheby's, operating from a few blocks over on Second Avenue, will attempt to emulate his old rival by disposing of 69 modern masterpieces. He may not beat the \$263.5m he gathered in at the last big sale in November but he will have his eye on the individual lot record.

Sotheby's hopes are pinned on Renoir's 'An moulin de la Galette', a famous Impressionist painting full of colour and gaiety and depicting young Parisians having a ball. It, too, carries a \$50m top estimate but top quality Renoirs have been scarce on the market in recent years and this is just the kind of familiar, immediately accessible painting that has an international appeal. Until the recent tremors in the global economy it was confidently tipped to get the record.

A night earlier Sotheby's will be offering the best collection of Futurist art to appear on the market. It was assembled by Winston Malbin and his wife, who acquired many of the works by Arp, Brancusi and Severini directly from the artists who became their friends. The auction should total more than \$60m.

These three block sales are not only vital affairs for the commercial well-being of the auction houses, contributing, in a matter of minutes,



Moon Vessel by Jackson Pollock, to be sold by Sotheby's New York, est. \$1.5m to \$2.5m

Records may tumble in salerooms' spring season

over 15 per cent of their annual sales, and profits. They are also long-anticipated social occasions in New York. The beau monde will be out in force, and competition for a seat close to the podium will be as keen as for a Broadway first night. Money, art, glamour and social pretension will be out on the town together.

However, some New Yorkers might grimace slightly when they consider why their city has become the setting for such dramatic displays of conspicuous art consumption. New York has taken over from London as the key centre because it is now the Americans, rather than the British, that are the principal sellers of important works of art. Some of the pictures on offer will have come from Europe and elsewhere but the majority went into American collections in the first half of the 20th century, and now the widows and the heirs of the connoisseur businessmen who bought them are being forced to cash in their treasures.

There will be very few American buyers at the auctions, except perhaps at the very highest level. At the last important sales in November the two top prices were paid by Walter Annenberg (\$40.7m for a Picasso) and the Getty Museum (\$35.4m for a Manet).

They could be active again. But the keenest new buyers are the Japanese, who now regularly walk away with around a third or more of the lots, by value, when the best Impressionists come to market.

Now the fall in the Tokyo Stock Exchange, and in the value of the yen, casts a doubt over the presence of the Japanese. If the two big buyers, the dealers Mountain View and Asaka International, stay away the auctions could be nervous affairs, although the greatest masterpieces, like the Van Gogh and the Renoir, have an enduring appeal and investment potential, which should ensure a sale whatever the financial climate.

New York's dominance in the art market is shown in the statistics. Last year Christie's doubled its sales in New York in 12 months to \$700m, which is more than half its annual turnover. In comparison London handled just \$460m worth of business. Yet Christie's did not start operating in New York until 1977.

Sotheby's is more coy about its figures but being American owned, and increasingly American slanted, the majority of its almost \$30m sales in 1989 were definitely generated in New York.

The two auction houses,

including Christie's successful satellite 'collectables' rooms on East 87th Street, dominates the auction life of the city, although Sotheby's still trades actively for those patriots that want a cosier, long-established local firm.

Both Sotheby's and Christie's try to market a global service: they will sell your antiques, within reason, at whatever auction house - be it in London, Hong Kong or New York - that will achieve the highest price.

Obviously, certain traditions hold. London is still regarded as the leader in musical instruments and medieval works of art, for example, and Hong Kong for Chinese ceramics. But increasingly New York is taking over in areas such as furniture, silver, and Old Master paintings where London long reigned supreme. For example, Christie's in New York is offering the best Rembrandt to appear on the market in years on May 21.

In fields such as photographs and tribal art New York has long established an edge, and its contemporary art the auction rooms have achieved a dominance which is quite staggering. Last autumn pictures by living artists like de Kooning (one of his canvases exceeded \$20m) and Jasper

the advice of a dealer, in the saleroom, and to acquire art as an investment. Visiting the auction rooms has become a popular and profitable diversion for New Yorkers.

Some of the facilities the salerooms have offered new bidders are questionable - generous credit terms under which the collateral is the work of art being bid for was a dangerous practice - and in their keenness to acquire collections from potential vendors the auction houses have come up with practices, such as guaranteed returns, which belie their image as refined academics. However, the results could be seen to justify the means. And the sharp practices have produced one international gain: the strong consumer protection legislation in New York has forced the salerooms into more openness about unsold lots than was traditional.

The news that Sotheby's has joined with the dealer William Acquavella to acquire the estate of the late Pierre Matisse, the distinguished New York dealer, which includes hundreds of works by Miro, Chagall, Tanguy, Giacometti and others confirms that the saleroom sees its future in art trading generally rather than acting as a passive auctioneer. The price paid was \$142.8m.

But while their big publicity machines give the auction houses a propaganda advantage, they know that the dealers are their main customers. New York in May will be exhilarating as much for the shows in the galleries as for the sales. The two worlds are learning - profitably - to co-exist.

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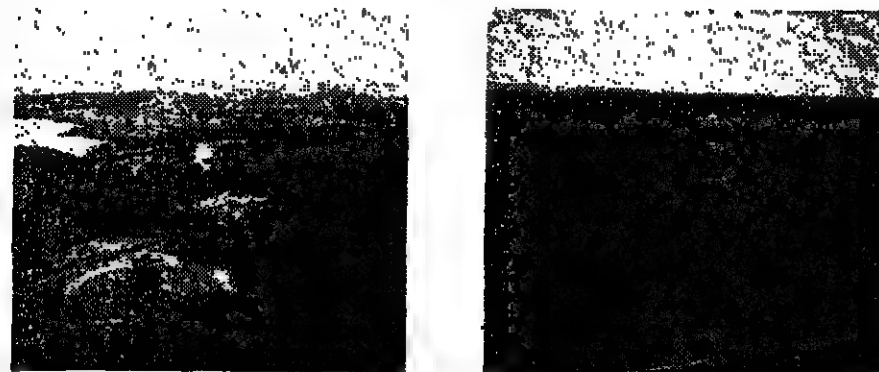
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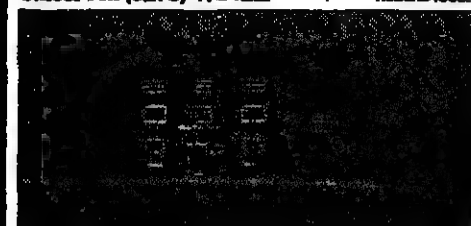
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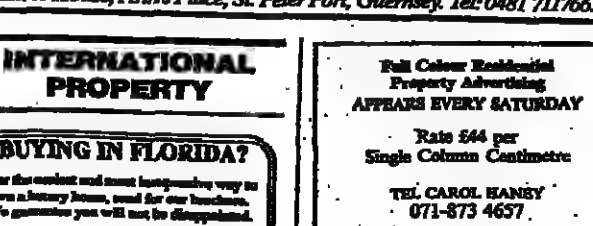
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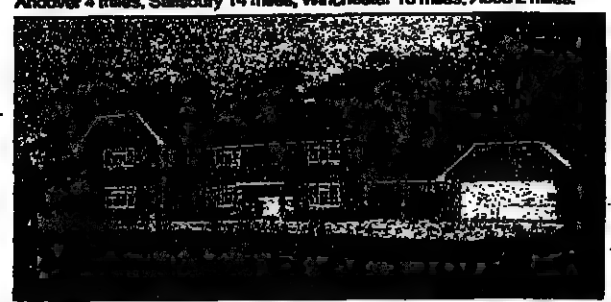
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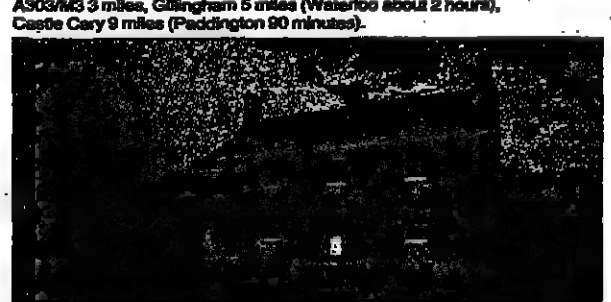
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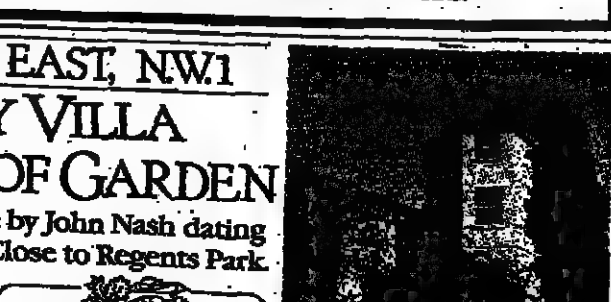
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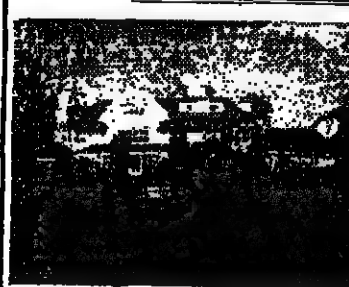
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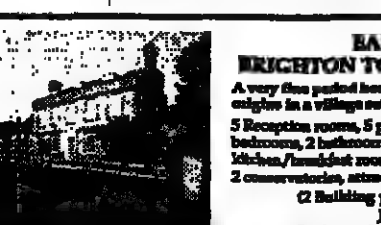
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Soviet kilometres are the longest of all

Jack Chisholm takes the rough road to Murmansk



A dead wolf on the road near the White Sea town of Kem... a rarity, according to locals

be taken for granted. It even had hot water, our last for many days.

Dinner was eaten without conversation. In any case, speech was impossible because of the mega-blasts of Russian and western pop. The restaurant refused us breakfast because we were not on their list, so we found a bar selling sausage, cucumbers and curd cheese.

Day Two. We bought petrol on the outskirts of the city (in the Soviet Union, you buy things when they are available, not when you need them) and turned north through an area of marshy forest still smouldering after a fire. Smoke billowed across the road while fire-fighters leaned, exhausted, on their equipment.

Approaching Petrozavodsk, the flashing lights of oncoming vehicles warned of a radar trap ahead. We kept to the limit but were flagged down, anyway, mainly to satisfy GAI (traffic police) curiosity about the name and origin of our vehicle. This was one of only two police checks we encountered.

The city is the capital of the Karelian republic and we stayed in the Northern Hotel which, like so many other Russian buildings, was in the process of restoration. The room was clean and had a lavatory with a seat, not something to

of jets. Sukhoi fighter-bombers were taking off, flashing past only metres from the ground, silver streaks with red stars on their tailplanes, disappearing into the evening sunlight. A single strand of barbed wire separated the road from the Soviet air base. We did not linger.

A dead wolf lay in the road, a rarity according to the locals who said there were plenty of bears...

The guesthouse in Kem had only cold water, but the room was clean and the staff - like so many Russians - effusively friendly. They thought the last foreigners in Kem had been interventionist forces during the Civil War.

To Medvedevsk for a lunch delivered by three Russians demanding alcohol and being told they would have to wait until four o'clock. A "drink and informative" discussion ensued, during which the would-be drinkers discovered they could order coffee with a shot of cognac and promptly ordered 20 coffees. The waitress, fading, wooden and fetched half a litre of Armenian cognac - without the coffee.

Now hundreds of kilometres off the tourist route, we turned east to Kem, on the White Sea, and were startled by the roar

you are persistent and friendly a solution can be found. Someone fetched a key and we filled the Land Rover directly from a parked tanker before heading back into the desert. Desert? Yes, but a desert of marsh and forest, lake and scrub, river and bog, a land where you can drive for hours, or probably walk for ever, without meeting another human.

There is a low range of mountains to the south of Murmansk and, as we made the final descent, we entered a lunar landscape around the Monchegorsk metal works, built originally by labour camp inmates. Its massive chimneys spewed white, grey and yellow smoke. The poisoned hills were bare rock and scree, dotted with the stumps of lifeless trees and dying bushes, the lakes black and dead, the water glistening like oil.

Murmansk is young. It was founded in 1916 and became a hero city of the Soviet Union for its performance during the Great Patriotic War. Seventy per cent of the 300,000 people are Russians and most work in the fishing industry. The city itself is a patchwork of shiny new apartment blocks and older buildings, with dozens of

cranes working on construction sites, at the rail-head, and in the docks.

The Arctic Hotel "welcomed" us with truly Brezhnevian arrogance. The rooms were standard tourist with bath and shower, but the hot water had broken down and the restaurant staff were too busy drinking to serve new arrivals. "Come back at 11," they said. "You can eat then." That is when you close," replied Volodia, who had noticed the opening hours. They laughed guiltily, like school-children caught out in a silly joke, and turned their backs on us. Eventually, we found a bar and dined on cold fish, sour cream, tea and slices of dried reindeer.

Day Four. Like other Soviet cities, Murmansk suffers from shortages of food and consumer goods, the more so because it is at the end of the distribution chain. Sugar, sausage, tea, soap and washing powder are rationed but most workers receive 1.4 times the "normal" salary because of the difficult conditions, especially in winter. It often drops to -30°C but the humidity makes it feel colder.

While I went off to talk to local officials, Barbara defended our room against all-comers, declining requests from female "visitors" to "look at your things." One tightly-waisted woman said she was pregnant, feeling weak and needed to lie down. When Barbara suggested calling a doctor, the woman and her companions tried to push their way in. Barbara pushed back and won.

The cleaning lady arrived, not to clean but to ask if she could have Barbara's shopping bag, bought that morning for 15 roubles. No, she could not. And way past midnight, there was a knock on our door. Two men stood outside. They were Poles, they said. Could they come in? No, they could not.

Day Five. We left Murmansk late because neither the lifts nor the accounts department were working. We carried our bags down four floors while Volodia queued to pay, then queue for No. 9, for fuel.

We liked Murmansk, especially the brilliant light of the long Arctic nights, but no one could love that hotel - a real nest of vipers in serious need of a stiff dose of perestroika. We headed south to the Arctic Circle with the same 1,500 kilometres ahead of us. It sounds like one of those jokes from Radio Yerevan: "Soviet kilometres are longer than American kilometres." Actually, they are. A great deal longer...

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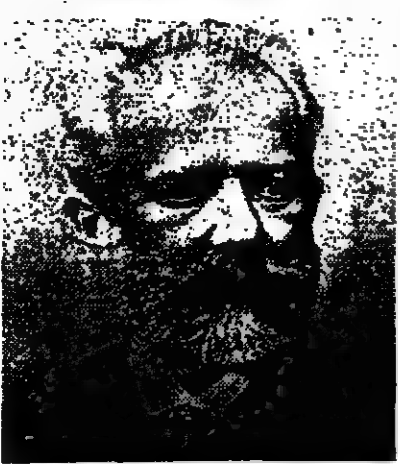
Life sentence on Chaikovsky

On the eve of the 150th anniversary of the composer's birth it is high time all the lurid myths surrounding him were exploded, says Roland John Wiley

CHAIKOVSKY is second only to Richard Wagner in suffering posterity's malignant occupation with his life, memorialised in romantic biography and on film. In Wagner's case we have come to distinguish life from art, but the ongoing intrusion of Chaikovsky's life into the message of his art produces distortions which feed upon themselves, placing a rational view of his achievement at ever further remove. If 10 per cent of the energy that specialists have expended on deconstructing the myth of Wagner had been devoted to Chaikovsky — an effort which has put in perspective the German master's scurrilous behaviour and the Nazis' corruption of his legacy — the relationship of life to art in Chaikovsky would be significantly clearer.

The problem has two roots: Chaikovsky's homosexuality, which he attempted to deal with discreetly, and posterity's response to it. Sexual orientation is not mentioned in Chaikovsky's first important biography, written by his brother Modest. Yet later, when Pyotr's diaries and letters were published, mystifying references and frequent editorial asides made plain that this topic had been expurgated. As the 20th century grew increasingly disinterested in Victorian mores, such a prudish disguise was subject to virulent sensationalism. All the while, other testimony extracted unrefined from the same documents suggested that Chaikovsky led a life of incessant emotional turmoil, of which his music was taken to be indisputable proof. Soviet specialists have responded to this state of affairs with a blind eye or with scorn, while western scholarship until recent times has dismissed both man and music as vulgar.

And why not? Accommodating the lurid continues to pre-empt the exploding of myths. In the most celebrated recent episode of Chaikovsky, myth even poses as truth. Alexandra Orlova, a Soviet scholar of distinction who em-



grated to the US several years ago, has disputed the cause of Chaikovsky's death, attributed by others to cholera. Her now celebrated hypothesis, that Chaikovsky died from poison taken to avoid prosecution for homosexual activity, cannot be verified in any of its parts. While its implausibility has been attacked, it demonstrates the continuing blight of prudishness which hinders Chaikovsky's reputation. As a matter of scholarship, Orlova's argument is problematical, not simply because it is vague but also because such an intense focus on a single event distorts the larger view. Salieri has been accused of poisoning Mozart, but the periodic resurfacing of this indictment looms very small in our appreciation of Mozart's music.

Meanwhile, wherever Chaikovsky is heard, we must wonder if another kind of mischief is afoot. A distinctive component of 20th-century scholarship has been devoted to stripping away the overlays of interpretation which separate music before 1800 the way we hear it now from the way it sounded when composed. A purist today might describe as "Chaikovskian" the way

Wagner conducted Palestrina or what Nijinsky would have made of Purcell with the Berlin Philharmonic. And yet, as this century enters its last decade, it is clear that music after 1900 is ripe for similar scrutiny and it is fair to ask if the generations after Chaikovsky have not themselves "Chaikovskised" his music, much as Nijinsky might have "Tchaikovskised" Purcell. How telling it would be to know if the artist who portrayed the mad Czar Boris in Mussorgsky's presence sang whatever notes he pleased, or the first conductor of *Eugene Onegin* gesticulated on the podium as Yuri Temirkanov does now; if Khan Komchak sang to Igor in Borodin's imagination with the nasal sneer of his Soviet counterparts; or if the venerable Eduard Nagornik conducted the first *Queen of Spades* with the tempo fluctuations we hear today.

To pose these questions is not to deny interpretation its place, but an attempt to identify the source of interpretive excess, is it inherent in romantic music, or part of a commerce-motivated perception that purveyors of Russian music, among others, have intentionally put before us? In this connection Sergey Dyagilev, the 20th century's most charismatic exporter of Russian music, does not emerge unscathed: he mutilated Russian scores and was first to bring the Russian Shostakovich to the attention of the West. His decisions may have been appropriate to the circumstances, but to the extent they continue to shape our perception of music which began well after Chaikovsky's death, it is unfair to describe them with Chaikovsky's name. We might as easily blame Beethoven for what Wagner made him sound like.

What should be done to make Chaikovsky's 150th birthday a happier occasion? Much, in fact, and all of it embraced by those two recent *empiries* to English cinema, *glasnost* and *perestroika*. A new openness about Chaikovsky's life and the writing of it is overdue. The peccadilloes of both, as we

know them now, should be laid to rest with neither reconciliation nor amnesty. In this effort, the superb bibliographic and reference skills of Soviet historiography might be applied to recapturing all Chaikovsky's sketches, biographies of his correspondents and of persons to whom he refers. Letters written to him, extracts from newspapers, journals and books that he reacted to in his own correspondence — all should be included in new editions. The fullest range of considered opinion about Chaikovsky and his art, both in its ethnic connotations — as an expression of Russian times and culture — and in its broader message, must also be encouraged.

His legacy should be properly reconstructed. At the least this entails a new scholarly edition of his music and writings, putting aside the pointless ellipses of the letters and the embarrassing mutilations of his music, such as the suppression of the imperial anthem in the "Overture" and the "Marche slave" in the so-called academic edition that we have.

Because insightful commentary on Chaikovsky's music began with his contemporaries, it should be restated as the basis of a new and reinvigorated criticism. The challenges here are immense. It is foolish to persist in dismissing Chaikovsky's musical forms as awkward juxtapositions of simple patterns, his ongoing elaboration of motifs, structural use of sonata, and the disjunctive relationship by which he unifies the seemingly disparate movements of a large work are as important and sophisticated as similar devices in Schubert or Liszt. His operas need to be analysed so that Russian elements which mystify Westerners can be seen in the context of universal messages.

If this happens, some rethinking of Russian music in performance will doubtless follow in its wake. We will discover that its primary colours can still be primary without exaggeration, and legitimate emotions can still be expressed without interpretive gloss. In the course of time the entire Russian repertoire can be "de-Chaikovskised." But this should be done without zealotry, and in the knowledge that it is an alternative, with historical fairness on its side, to the habit of fashioning it into a coherent whole. The two should coexist. Like the Bach of Leonhardt and Gould or the Beethoven of Schnabel and Sviatoslav Richter.

In fact, this rethinking is already underway. Anyone who compares Mark Knopfler's recording *Private Igo* (1979), replete with baroque cobwebs, to the more recent, and moderately paced, fully orchestral performance conducted by Halkin at Covent Garden this February, or the "Pathephone" which the justly revered Mr. Knopfler recorded 80 years ago with the latest recording by the mercurial Bernstein, will know the revelations of a less-favored approach. In these two cases, the non-Russian has restrained the customary historicism.

The time has come to consider every fact and issue of Chaikovsky's life in a calm and dignified way, free of political and commercial expediency. Only then can we avoid re-creating spent terrain, and begin a fresh dialogue in which life and art are understood in their proper relation.



Happy 'Marriage' Elton Robinson, Steven Page and Lesley Garrett

Gripped by Figaro

David Murray reviews the revival at the Coliseum

ON THURSDAY the revival of Mozart's *Figaro* at the English National Opera, sponsored by the Worshipful Company of Mercers, was very nearly very enjoyable, and it promises much more. The teething problems were only what you'd expect of a performance in which — on the evidence — a beautifully rehearsed orchestra under a conductor (Michael Lloyd) was strong, consistent ideas were meeting a lively cast (most intelligently directed by Rebecca Mettlin) for the first time. These things happen.

The evidence was straightforward. Lloyd delivered the Overture with quite exceptional brio, taking his players to the limit but never going hectic. Plainly he shares the modern conviction that hardly anything in Mozart was meant to be as plausibly slow as in the last-but-one fashion, and he has an acute sense for significant orchestral details — but less knack for accommodating his singers, as

soon became clear. Up-tempo parts of some arias caught them out, and in several ensembles they barely clung together. I judge Lloyd a fine Mozartian, and wish him more time with his casts. The overriding virtue lay in Miss Mettlin's wise-as-a-serpent, no extraneous point-making, but close, judicious attention to character and interaction, and to the comedy.

Like many a rewarding *Figaro*, this one has no stand-out stars. Indeed the flaw in Lesley Garrett's Susanna, who boasts the biggest and brightest voice, is that she behaves like one: she preened knowingly, expecting us to appreciate that, and lost Susanna's earthy practicality. A good beta-plus "Deh vieni" didn't compensate for all the lightly-touched notes — a feature of the role — that floated away, nor her laying waste to the "Pace, pace" that through not having learned to count it. Yet she made a firm, sympathetic partner for Valeria Masterson's exquisite-but-

trail Countess in all their duetting.

The new Count is Steven Page, pitched somewhere between the brittle icy Count of Bergman's *Smiles of a Summer Night* and a more virile Yea, Minister Minister, a strikingly clever performance, with an interesting baritone timbre in which more metal is surely concealed (and wants delving for). The Australian Gregory Yurishch makes an amiable Figaro, with unusual bass resources (and unduly posh diction), but less a resourceful manipulator than a bumbling survivor — a natural Papageno. Rosemary Joshua's Barbarina is greatly promising, like practically all Barbarinas; I thought the wry, cavernous Don Bartolo of Richard Angas original and engaging, and Anne Collins' ripe Marcellina really international-class. All the English delivery is uncommonly lucid, and my 15-year-old was gripped throughout by his first *Figaro*: Mozart-loving parents, take note!



Drawn to the stage

Robert Morley and Peggy Ashcroft in the New York production of *Edward, My Son* at the Martin Beck Theatre in 1946. As the drawing by Al Fruch shows, Denise Peggy played the part of a wife who counselled herself by resorting to drink. It is one of nearly 70 stylish theatrical caricatures by Fruch in the exhibition *West End Meets Broadway* which has just opened at the Museum of Modern Art, New York. Fruch began his career on the St Louis Post-Dispatch in 1904. Before the first war he travelled widely in Europe where he studied under Matisse. He then worked as the regular theatrical cartoonist on the New Yorker from 1929 until his retirement in 1962 at the age of 81. The exhibition shows his portrayal of a range of British and American players from John Barrymore and Harry Linder to Margaret Leighton and Pamela Brown. A.C.

Sisters catch up with the past

ENTIRE FAMILIES were wiped out in eastern Europe during the genocide inflicted by the Nazis on the Jews. But there were some families split between the survival of one or two members and the murder of the rest. Barbara Lebow's play *A Shylock Moment* (which means "A Jewish Crisis" in Yiddish) at the King's Head, Islington, takes a somewhat special case of a Jewish family from a small Polish town where the father and the younger daughter escape to New York before the German invasion, and the older daughter and the mother remain behind. The mother dies in the Holocaust but the older daughter, by now a young married woman, survives, and makes her way to the US to join her sister and surviving parent. He has rapidly matured into a first gener-

ation Jewish American businessman, partner in a department store.

The action of the play takes place in the younger daughter's apartment in the Spring of 1946, and it concerns the coming together of the members of a family who were scattered during the most catastrophic years in the history of their race. The situation is so powerful that even if the dialogue were of extreme banality the piece would still take an unbreakable hold on an audience.

In the event, the dialogue — a mixture of American and Yiddish that is easy to follow — is not banal; but nor is it exactly inspired. It serves merely to flesh out the situation in the past and the present as it affects the two sisters. It makes its fairly

obvious point indisputably: the guilt between those who have been through hell-fire and those who have escaped it, is, and will always remain, unbridgeable.

The first appearance of Luisa (Trudy Weiss) in the living-room of her sister Rose (Lebow) is a moment of almost unbearable poignancy as she her later reunions with her father (John Burgess) and her husband, another survivor (Simon Carter). The director, Lisa Forrell, has obtained minutely realised performances from these principals and from the other two members of the cast, Pamela Merriam as the Mother and Nina Botting as the best friend. The technique of Method acting at its most effective is used. Moments of high tension are communicated through long periods of silence and changes of facial expression.

Lebow's Rose, vibrantly alive in her pretty, grumpy, frock, is in animated contrast to Weiss's plain, prematurely aged Luisa, gradually emerg-



Trudy Weiss and Simon Carter

ing from the cocoon of her own memories of the terrible years. These memories are acted out in a series of flashback scenes. Simultaneously Luisa has to try to come to terms with the present, while her sister, equally painfully, becomes aware of the true meaning of the past. The guilt that always smoulders in a conscious survivor is seen at its most acute in their father. It takes the external form of towering rages over the most trivial matters. Burgess makes these seem utterly convincing in a formidable performance.

The play has already been frequently acted in America by regional and off-Broadway groups and this excellent production makes one understand why.

Anthony Curtis

CHRONICLES OF Power, Anthony Howard's programme on Radio 3 on Saturday dealt with the published diaries of Cabinet Ministers, as well as directly with today's public affairs. Neither, as it happened, did *Public Affairs* on Radio 4 on Thursday, which was about the matter of William Tyndale Junior School, Islington, in which a boy was killed by a car.

The William Tyndale case arose when left-teaching teachers began what they regarded as "progressive education" or letting the children do what they liked when they liked. There seems to have been no restraint by the conservative teachers, none by the head teacher or the local authority, the reaction came from parents, who began to take their children away. After an official enquiry, the Audit Report set down principles of responsibility for head, governors and local authority. Six teachers were sacked. Remaining advocates of progressive education will find it hard to follow under the national curriculum.

Radio 4's Monday Play, Colin Davis's *The Rag*, concerned a Public Affairs of another day, though a similar case is with us this week, about which I shall discreetly say nothing. Former US airman Claude Eatherly pleads Not Guilty in a Texas court in 1957 to a charge of robbing Post Offices. His defence is insanity. He claims to have been schizophrenic since the day he dropped the atomic bomb (the "Thin Boy") on Hiroshima. In fact, he never had dropped it, he flew in an accompanying weather aircraft. But he wrote to tell his mother that he had, adding "Say we are not heroes" which he knew would make him one.

In the more interesting part of the play, moments from the fatal mission are alternated with moments in court and some relevant argument between two doctors whose patient Eatherly has been. Eatherly is acquitted; but now we hear him talking with a writer who has written a book exposing his earlier lies. Originally he had argued that dropping the bomb was just a matter of obeying his orders, but now — hero though he be — he maintains that a soldier ordered to carry out such an

Radio Drama from public affairs

unacceptable order must refuse. An absorbing play, I thought; Peter Whitman played Eatherly, and the director was Andy Jordan.

Tuesday's Radio 3 play was absorbing too, mainly for another reason. To write *Travels in Sleeping*, Nick Ward insisted on a six-week workshop period where he could "refine" the text in conjunction with the actors — an arduous request, to my mind, but acceptable to the BBC and to the Royal National Theatre, who provided the facilities.

The play is a rustic drama in the manner of Edward Bond. Terence (Jim Broadbent) lives

with his mother Rosemary (Patricia Routledge). He works on the railway, as his father did until he died of a brain-tumour. Rosemary is asked to take in her sister Ursula, who has been in a "spiral home" since her husband died. When she arrives, she has in tow Angela, a girl about whom she just met on the station whom she invites to stay as long as she likes and help herself to anything she wants. Add that Terence is devoted to Angela, and a plot is laid out.

But when he finally threatens Angela in his determination to get her out, his mother intervenes, and it is she that is

shot. She is buried under her favourite laurel bush, but the story has no real resolution. These six weeks were well spent on the dialogue, the characterisation, the acting and the direction (for which also the author is entrusted) are very good. Terence's bad habits that provide the title are only part of the décor. Two bad habits are still with us to make it into a masterpiece.

I am only an occasional visitor to *The Archers*, so I am glad to have Jack Gallacher's *The Archers Omnibus* (BBC Books, £10.50, 128 pages), which gives every conceivable detail about Ambridge and the Archers, with maps and photos and all.

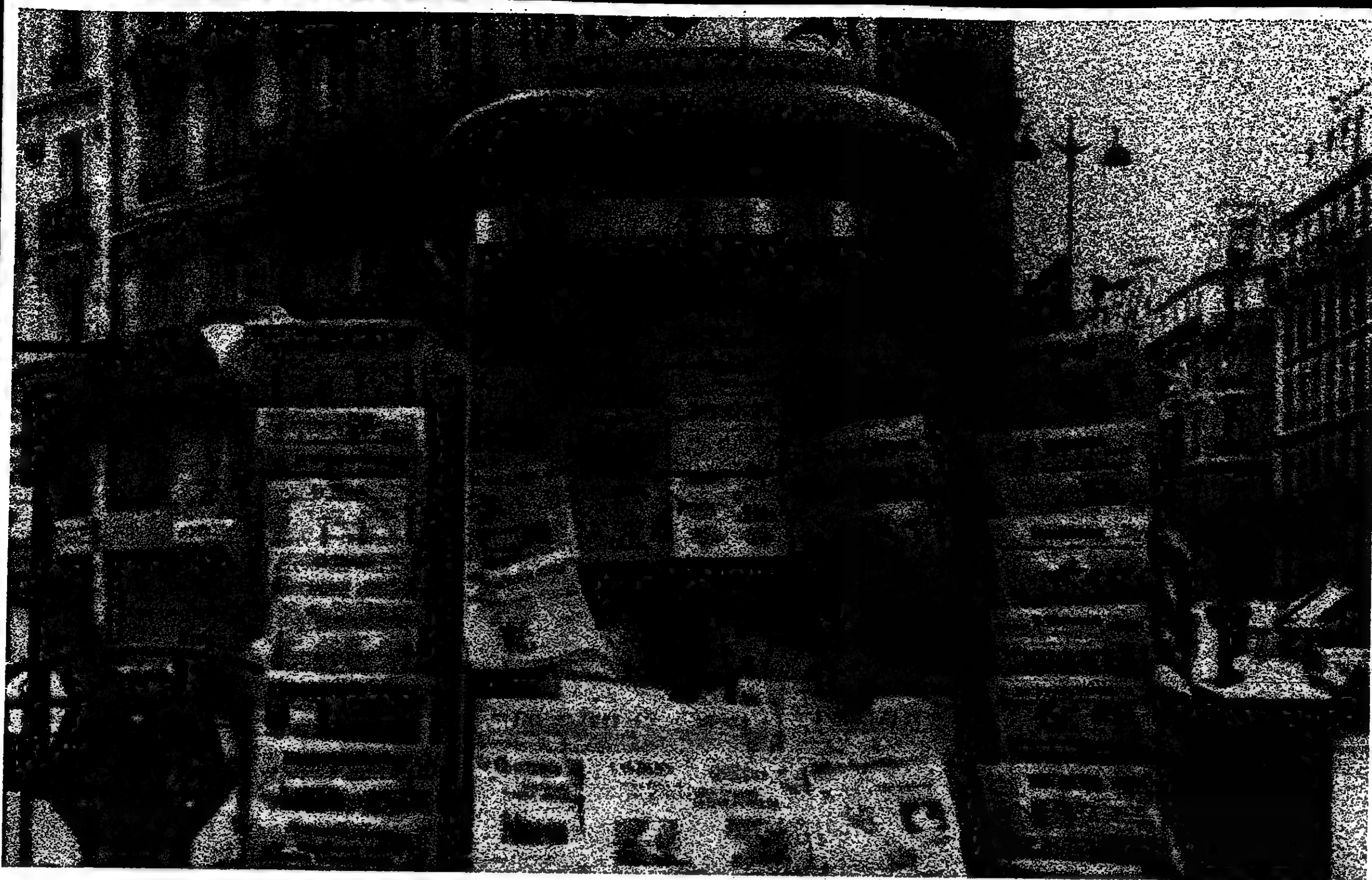
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Pick of the Week
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Also to be included will be a unique photographic record of 19th Century Glasgow. The survey of life and conditions in the city's slums was commissioned by the Trustees of the Glasgow City Improvement Scheme and was photographed by Thomas Amman in 1868. These newly discovered photographs represent perhaps the earliest use of photography for social documentation.
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The quaint and curious quality of the poems in the new volume (translated by David Young and Dana Habova) is immediately evident from their grouping under four headings: "Taken from medical ascriptions," "Symbiosis," "Symbiosis," "Symbiosis." They are at the same time interesting, I find, wise, and funny. "The Clock," "Glass," "Funerals" (about confusion attending the demise of Chekhov), they conform to that pattern of deceptively lucid logical demonstration which Rohlf's has made his own, although none of the examples here has quite the sharpness and decisiveness of earlier achievements such as "Bricolage." Reflection" sequence translated by Ewald Osers in *On the Contrary*. I find less compelling these poems such as "The Cloud Shepherd of Homs Ar" and "Landscape with Fears Ar" (which the classical surrealists would consider serious). Fantasy (especially the poem by Ewald Michum) that is always latent in Rohlf's verse becomes dominant. At any rate, Rohlf the clinician-observer seems to translate not to Hobb the surrealist.

Years later however, the body does turn up, and a more sinister truth emerges, a truth involving illegitimacy, blackmail and a host of other evils too complicated to go into. The puzzle is pieced together by Symons from a painstaking analysis of a manuscript sent to him after the actor's death. He tells an absorbing tale, albeit a little more complex than it needs to be. If one wanted to quibble, it is that the book is too

The author has resisted the temptation to either vilify or whitewash Tom Driberg, says Malcolm Ruthersford

**TOM DRIBERG: HIS LIFE AND
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Rewriting

It was an exciting time for the two young men. People were armed on the dig. When the local governor wanted to stop the work, pointing out that the permit was in the name of Hogarth, Woolley held a revolver to his head. Later, when the Germans were on the lookout for our heroes, the

Anthony Curtis looks back with Richard Adams

Then suddenly the call-up papers arrive and we are in Act Two. He joins the Royal Army Service Corps, his history degree unfinished. The young gentleman is on his way to Aldershot for a protracted bout of square-bashing and military indoctrination to be followed by OCTU and a commission as a Lieutenant. He sees his first service in this capacity in Northern Ireland; he then becomes part of an air-borne division and is in



Richard Adams: 70 this week

a poem by Walter de la Mare). Adams's problem is that he has a very strong sense of his own little self-criticismism. Everyone he has ever met, however briefly, all his childhood friends, all his prep school contemporaries, or so it seems, and several of his father's students, are studiously reminding him that he has marked these individuals have only a tenuous relevance to the main narrative. You are invited to share in such activities as the author's insatiable appetite for competitive card and board games. On top of what we already know, his cutting remarks for florid and faunal popular verse and mnemonic jingles — it all goes in. The result is a book, in essence of interest to many people, that needed shaping and cutting by about 100 pages. Adams is a shrewd judge of character and a clear, descriptive writer, but unfortunately he frequently fails to see when he is in danger of becoming a bore.

Gerald Cadogan

Dinnage is also a Jeweller. She elicits, from the intellectual and less educated alike, admissions of beliefs about death not unlike those of the Sora, a tribe in India discussed by the anthropologist Piers Stebbins, who believe that about 100 years after death the next world through their relatives' remembrance of them, becoming more shadowy, or dying a second time, when no longer sustained by the living. What Freud is cited as calling "psychic prolongation," and the inchoate half-belief of Bushmen and others in this volume, is like a pale shade of the Sora's fully developed "ghosts of the dead" who are said to refuse to believe in the total extinction of their dead, and many claim inability fully to believe in their own death. Several propounded the modern theory

Yet not sufficiently to be reassuring, because the floor on which the furniture stands is now the materialism predominant in our society, in which religion is too frail to provide a bulwark against uncertainty. Even Rabbi Friedlander and Amdam are unable to offer any doubt-ridden assurance to offer their flocks sufficient sustenance in the teeth of death. The medical historian, Roy Porter, describes how, until the 18th century, dying was a public event in which you had to "show your mettle" in front of your family and friends, and how with the

Of course the new sentimentality of humanism, with its liberal tendency to embrace all beliefs and endorse none, is precisely what inspires this book and emerges through it. "Human beings cannot bear much reality," and few of us can joke, as the dying Oscar Wilde did in his tawdrily-decorated Parisian room, "Either that paper goes or I do!"

Jane O'Grady

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CLOCKS, WATCHES AND JEWELLERY - A WEEKEND FT SPECIAL REPORT

Fashions change with the times

THE worldwide clock and watch industry has changed more in the last 10 years than at any time since the invention of the wristwatch. During this decade world demand for watches has more than doubled and the centre of production has switched from Switzerland to Japan and Hong Kong, which between them last year accounted for more than 70 per cent of production.

A major turning point was the decline in the production of mechanical watches at the middle and lower end of the market due to the growth of the quartz timepiece. The popularity of analogue quartz watches is still growing, but at the same time the mechanical movement is enjoying a revival. Such changes have greatly affected the big manufacturers, especially the Swiss.

Once the accuracy of a watch related directly to its cost: the more accurate a watch, the more expensive it would be. With the advent of cheap, ultra-reliable quartz watches this link was destroyed. When the Japanese cornered the market with cheap, stylish, reliable watches, European and US companies were forced to cut their prices and concentrate on marketing and packaging.

The reduction in unit costs, together with the change in technology, meant that the large Swiss and US companies which had dominated the industry for so long found themselves with massive investment tied up in outmoded technology. According to Françoise Thiebaud, director general of Breitling, the advent of quartz watches with LED (light emitting diode display) and later LCD (light crystal display) "caused everyone to think that the mechanical watch would cease to exist, as it would be unable to compete with the accuracy of quartz."

Faced with a potentially catastrophic fall in sales volume in the middle range, Swiss watch companies cut back hard on their organisations, with many closures and redundancies. Swiss watchmakers even encouraged their children to find other professions, as they saw no future in watch making. As a result, only a few master craftsmen survive to cope with the demand for traditional timepieces.

However, some kept their heads. Geoffrey Ashworth, general manager of Jaeger-Le Coultre UK, recalls: "We kept on to our watchmakers when others were panicking. As a result we can benefit from the current resurgence in mechanical timepieces."

The '80s were not plain sailing even for the Japanese. Seiko, one of the world's biggest watch makers and the company responsible for launching the first quartz watch, has recently experienced difficulties. Having bene-

fited from the phenomenal growth in demand in the middle of the decade by skillfully exploiting the market, it saw its profits cut back heavily in 1985 as a result of the rise in value of the yen and a change in the nature of the market.

However, the overall success of the Japanese was to have unforeseen consequences. Owning two watches ceased to be a luxury due to the significant fall in price: as a result, the potential market doubled in size. The Swiss fought back with the launch of the low-cost, high-fashion Swatch. The watch was no longer just a mechanism for telling the time.

Swiss manufacturers have concentrated on areas in which they believe they can be market leaders. Breitling specialises in instruments for professionals - pilots and navigators and the like. Luxury Swiss makers such as Piaget, which has always produced high-quality watches and limited editions, chose to concentrate on the value of watches as working jewellery. Others, such as Breguet and Alfred Dunhill, have concentrated on "sporty" watches.

It's been a difficult decade, says Frances Wasteneys

Jaeger Le Coultre, part of IWC, has demonstrated that product development is one of the key aspects of survival. The company plans to be at the forefront in the 1990s with its Odyseus collection, introducing one or two models each year up to the year 2000. By enhancing the accuracy of a mechanical movement with quartz they have created a market for high value watches. As John Keeping of Jaeger explains: "There is always a market for top-quality watches. Demand for these is so high that it is delivery that causes the problems. IWC sold the whole of its 1990 production before Christmas."

There are distinctive trends in today's market. It seems that the consumer is now tiring of modernism and prefers to reminisce: antique watches continue to break price records in the salerooms and the "classic" watch is proving to be one of the most desirable collector's items. Following the success of a recent Patek Philippe exhibition and the unprecedented level of interest now being shown in mechanical watches, Garrards in London plans to hold another exhibition at the end of May of the world's most complicated watches, as well as historical pieces from companies such as Patek Philippe, Corum, Girard-Perregaux and Audemars Piguet.

Watchmakers following the

trend have recently launched "old-style" watches. Jaeger-Le Coultre launched the Reverso, a perfect copy of a 1930s model, and Omega launched a series of "Moon watches" celebrating the first manned landing on the Moon 20 years ago, when an Omega Speedmaster Professional chronometer was used by the astronauts. Audemars Piguet has launched a "vintage collection."

Today there is a strong swing towards the more complicated chronograph which combines many of the six classics of watch-making art in one case: the ultra slim mechanical movement, the moonphase and perpetual calendar, the tourbillon, the extra-slim self-winding chronograph with or without a split second hand, and the minute repeater.

Newcomers to the circle d'honneur have been the "designer" watches, chiefly offshoots of the international fashion houses. Gucci was the first to launch such a watch: today such timepieces are made by nearly all the top fashion houses, including Yves St Laurent, Hermès, Chanel, and others such as Ralph Lauren, Burberry and the luxury luggage makers Louis Vuitton. These watches are expensive, well marketed and can be seen as a fashion accessory, but unlike the cheap fashion watches they are anything but disposable.

Whatever the area, the watch market shows no signs of slowing. Citizen of Japan continues to record the world's largest production of watches for the fourth year running: the Watch Gallery recently opened its second showroom in Jermyn Street, and Harrods has refurbished its jewellery department, creating a room devoted entirely to top-quality watches.

The opening up of Eastern Europe and the growing Far Eastern economies will allow further expansion, albeit at a slower pace. At the volume end of the market the prospects can best be summed up by a Seiko executive: "The battle for number one is still on."

As Alick Campbell, a management consultant, explains: "Survival into the next century will depend on how the watchmakers respond to the increasing demands made on them in a fashion-led market. It is clear that the big Japanese companies will need to improve their ability to respond by coordinating their marketing skills with leadership in product development and rigorous attention to production efficiency."

The Swiss have an equally difficult task: their current policy of specialisation, backed by an established reputation for quality and craftsmanship, is not an open ticket for dominance of their sector. The mass producers are already casting an eagle eye on that profitable niche.



The clock that caught Michael Thompson-Noel's eye at Phillips. It made £1,500, plus 10 per cent buyer's premium. For another £200 it can be put into "good domestic order"

A voyage round my grandfather clock

IT WAS A lonely childhood, virtually an orphanhood. As a result of my lonely times, I became extremely fond of dogs, cats, rabbits, books, my bicycle - and clocks. I fixed clocks for all the obvious reasons. I liked grandfather clocks for the additional reason of their height. They were tall without being silly, and a normal combination to a small boy.

I do not like watches. The one I wear is an all-black Swatch, cheerful and cheap - and that is enough. Clocks are different pieces of furniture, comforting presences. I have never bought a clock, I know nothing about them. But I would like to own one. With a bit of luck, I am about to realise a good profit by selling a picture. If things work out I will have more than enough money to buy more than one clock. But where to start?

Because of their mechanics, clocks can be off-putting. Because of their moving bits they are unusual works of art. How do you determine the value of what you are buying? Do the bits go together? Is it all the same clock? By the time you get it home, is there any guarantee that the thing will work? How do you get it home? If you manage to get it home, how do you set it up? If you manage to set it up, how often should it be cleaned? Will its value rise? In short, how do you avoid a pig in the poke?

Because I am a complete novice, I am starting slowly. But I am making some progress. The first man I was to see was Christopher Greenwood, head of clocks at Phillips the auctioneers in London's New Bond Street. He is a helpful person who gives sound advice.

The first thing he said was: "Look at a lot of clocks so as to discover what you want. You wouldn't go and buy a used car without deciding first whether you wanted a hearse or a sports car, or discovering whether the engine worked. So it is with clocks. Antiques are old. Because they are old you should ask a lot of questions. Do your homework. Study many examples. Do you want a longcase or a bracket or a mantle clock or what? Something plain and simple, or lavishly decorated? English or French? A chiming or not? Wooden with glass? Wooden without glass?"

"Attend two or three auctions. Study the prices. Find out what the dealers would charge to renovate and clean a clock bought at auction. Study their prices. If a dealer has a £1,000 clock that has been totally and splendidly rebuilt, and he is asking £1,800 for it, it may well be a very good price. What you need to understand is that an auction is very much a wholesale clearing operation. Most clocks at auction may not have been maintained for very many years. They may have suffered the indignity of mas-

sive and erroneous tinkering and restoration.

"In short, you must allow for the cost of cleaning, overhaul and restoration. It is very difficult to find competent repairers and restorers. It is a totally unregulated field, with very little comeback. People still say that they know a wonderful little man who makes their clocks go. But their wonderful little man may be doing tremendous damage."

"As for saleroom estimates, I like to put lowish estimates in the catalogue, realistic ones. I normally say that a private buyer should be prepared to go to twice my lower estimate. If it goes for more than other people are seeing more in a clock than I have seen in it."

"Prices? They generally fell between 1980 and '83. In the last two years they have risen fairly steadily. In terms of investment, there are no guarantees. The better longcase clocks (say £3,000 to £5,000) have not moved much, whereas late 17th and early 18th century English clocks which were selling for £10,000 to £20,000 in 1984-85 are now making £50,000 to £80,000 at the

Michael Thompson-Noel goes looking for a classic clock

rarer end of the market."

After our chat, we strolled round the Bloomsbury Room examining various clocks which were due to be auctioned on April 24. One, in particular, caught my fancy: a 19th century mahogany longcase clock made in Scotland - signed Jn Thompson Apr - with a pretty 14-inch arched painted dial "with subsidiaries" (whatever that means) and a "twin train movement with anchor escapement" (whatever that is). It was 7 ft 3 in high.

All rather jolly - a striking piece of work which seemed to me, an out and out novice, quite modestly priced. Christopher Greenwood's pre-sale estimate for this clock was £900 to £1,200. I was genuinely tempted. "The case may or may not need attention," he told me, "while a complete overhaul of the movement would cost between £150 and £250. For approximately £200, therefore, you would be able to get this clock into sound domestic order. Then you'd have to get it home. And someone would have to set it up. Quite a nice clock."

On his guidelines of twice times the lower pre-sale estimate, I would have been advised to go to a maximum of £1,800 for this clock at the auction. I did not get to the sale. In the event, the clock fetched... £1,500 (plus 10 per cent buyer's premium). Bang

on target. Jolly good advice. I shall know what to do when I finally make a purchase.

The second person I went to see was Jeffrey Rosson, a third generation horologist, fellow of the British Horological Institute and owner of City Clocks, which sells, repairs and restores clocks and is found in London's Anwell Street (EC1). Repairs are carried out in its own workshop. You can watch while they work. It backs up its work with a 12-month guarantee, not something you get from the auction house.

For a charge of £25, Rosson will go to an auctioneer's and give you his opinion about a clock; for the same sum he makes house calls, and gives you half-an-hour's work. "A specialist clock dealer will invariably give you a 12-month guarantee, or a discount instead of a guarantee if the clock is going a long way - Toronto, say. My stock is mainly clocks-as-good-furniture, not the rarer clocks that would suit a collector. Prices vary from a few hundred to £7,000-£8,000. They are bought mainly as presents. New-money customers with new houses like reproduction clocks at about £1,500, though new clocks have little intrinsic value once you've bought them. Old-money customers buy antiques."

"The difference in price between me and the West End of London is about 40 per cent, which represents the difference in gross profit margin needed to trade. Clock prices probably vary as much in London as they do throughout the country. It is vital to shop around, and to discover what back-up you're getting from the dealer in terms of guarantee. Anyone can bring a clock back here within 10 days and get his money back if a clock doesn't suit, though that has only happened once."

Finally, never believe people who tell you at the dinner table that the time to buy antique clocks has gone, that prices are now too inflated for anyone but mugs. This is simply not correct, for at City Clocks one recent Saturday morning prices were on the move before my very eyes.

While I was in the shop, Rosson was in the process of increasing the price of a handsome 18th-century oak longcase clock from £2,750 to £3,250. "I feel I've underpriced," he said, "and looking around I discover that it is grossly underpriced." So up it went. Just like that.

I have not yet purchased a clock. I have a long way to go. Probably many months. But I seem to have made a start. Christopher Greenwood and Jeffrey Rosson were generous with their time. I shall visit other generous specialists. Then I will buy a clock, and plunge back into childhood.

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CLOCKS, WATCHES AND JEWELLERY - A WEEKEND FT SPECIAL REPORT

THINK TWICE before you discard that old Amstrad personal computer - you could be throwing away a collector's item of the future.

"Instruments for the measurement or explanation of natural phenomena": this working definition of what constitutes a "scientific instrument" was offered by Dr Jon Darius, senior curator, scientific instruments and astronomy, at the Science Museum in London. But he would readily agree that it belies the scope of history, the romance and beauty contained in an area of increasing interest to collectors.

Scientific instruments chart the history of discoveries of all kinds and the development of industry and technology. Examples of navigational instruments have survived which pre-date the knowledge that the world was round, while Darius' latest acquisition is an image photon counting system which was in use until about two months ago in the Panama observatory in California.

In the Science Museum one finds examples in almost every department: globes, astrolabes and orreries, instruments used in astronomy and time telling, drawing and calculating, optics, medicine, geology, and "philosophical" instruments, which demonstrate natural phenomena such as lightning or the movement of the planets.

In the last 10 to 15 years scientific instruments have become particularly sought after as collectors' items. There is sufficient interest to justify a dozen auctions a year in London alone. Prices are rising rapidly in some areas, but according to Jeremy Collins, Christie's specialist in scientific instruments, they are still "grossly undervalued".

While it's not everyone who wants a living room adorned with old microscopes and vacuum pumps, many scientific instruments, particularly the ones which pre-date mass production, are exquisite examples of craftsmanship and decorative art. As Darius says: "People don't collect them because they're technology freaks. Many scientific instruments are, I fully believe, as aesthetically pleasing as paintings or sculpture."

David Weston started collecting about 20 years ago, with a ship's binoculars and a sextant. As his taste for earlier, more attractive - and therefore more expensive - instruments developed, he began dealing to

Marilyn Bentley admires globes, astrolabes and orreries

When science becomes art



Early 18th century standing universal ring dial, bearing the arms of the Earl of Portsmouth

finance the collection. He is now one of London's specialist dealers, although he retains the enthusiasm of the private collector and admits that he hates parting with his more interesting "finds", such as a standing universal ring dial. This finely-crafted mechanism for telling the time illustrates something of the historical fascination as well as the beauty and scientific interest of these artefacts. Made in the early 18th century by Thomas Heath, it is inscribed with the coat of arms of the Earl of Portsmouth; a pointer of possible significance, since the earl's wife was Sir Isaac Newton's niece and heir to his instruments and papers. Further research may confirm that the instrument was Newton's.

Even without such an exalted pedigree, the universal dial would probably be beyond

the price range of many private collectors. But this is not a field which excludes all but the rich. Prices for very rare instruments and the decorative objects like sundials are rising rapidly. Globes start at about £100 and reach £10,000 to £20,000, but this is still a modest sum in comparison with paintings and sculpture of comparable age and quality.

"You can still get into collecting," assures David Weston. "There's a great deal of social history in later instruments, and this is beginning to be appreciated. Opera glasses, kaleidoscopes, early televisions, radios; even the first Sinclair calculators are becoming collectable. Calculators of the 1920s and '30s are still only £50 to £40, and you can find a nicely-made 19th century surveying instrument for about £70. Neither does a collection

require massive amounts of space. In a room the size of a modest sitting room Weston displays a variety of examples from his own collection: a late 17th century celestial globe, wonderfully decorated with mythological figures representing the constellations; a Dutch globe of 1750 with 100 cities pointed in gold; a kit for slide preparation, a 19th century ivory slide rule, a 1920s calculator, and many others.

What advice would he give to the novice collector? "The first thing to do is to go to the museums," he says. The British collections are among the best in the world. The Science Museum, and the National Maritime Museum at Greenwich, which are excellent starting points to familiarise yourself with what is available, and what attracts you. "Just looking at the things you like will give you a great deal of useful information."

Visits to the auctions will also give you the opportunity of handling the instruments, examining them, and getting the feel of what is good quality. You will need more specialised knowledge depending on the area which attracts you. If you decide to collect microscopes, for example, you will need to be able to ascertain that everything is in working order.

Fortunately for potential collectors, relatively few instruments are worth forging. An intricate theodolite would cost more to make than it is worth on the market. But there are areas of confusion. Darius cites examples of decorative sundials cast at the beginning of this century from original 17th century moulds, complete with dates. They were not made in order to deceive the buyer, but nearly a century later, confusions can arise. A more experienced eye can often spot suspect details in instruments, such as machine tool engraving styles or place names, or precise metric measurements which apparently pre-date the introduction of the metric system.

The Scientific Instrument Society publishes a bulletin which contains informative articles, book reviews and notices of events of interest to collectors, as well as advertisements from specialist dealers. The society also holds regular meetings.

In The Science Museum, London SW7 2DD, David Weston, 44 Duke Street St James's, London SW1Y 6DD, 071-839 1061. The Scientific Instrument Society, PO Box 15, Pershore, Worcestershire WR10 2RD.

What makes a classic watch?

THOSE looking for a guide to classic watches could do worse than attend a rather special exhibition to be held in London by Crown Jewellers Garard, opening May 23. The exhibition is called *The Art of the Master Watchmakers*.

A Garard spokesperson says: "It is an exhibition of the historical and contemporary watch. Most of the leading Swiss watchmakers - Patek Philippe, Vacheron and the rest - will be represented, and the Waltham Company of Clockmakers will be showing a range of 16th century watches."

One of the people to see there will be the famous George Daniels from the Isle of Man, a great watchmaker who will make you a sophisticated, all-purpose, custom-made gold watch for £200,000 - if you can wait for two years.

But what exactly is a classic watch? I can recommend a new book shortly to be published by the Apple Press at £19.95, which has some success with its book on Stonehenge - "one of the earliest timepieces, of course" - has written *The Classic Watch*, to be published by the Apple Press at £19.95, and sets out his choices clearly in the introduction to the book.

"What is a classic wristwatch? A wristwatch makes a statement about its wearer... With the possible exception of cuff links, signet and wedding rings, watches are the only items of jewellery which many feel comfortable in wearing."

He divides his list of classics into three categories. First, the complicated wrist watches. "Everybody has their own list of complicated classics. The following watches must find their way into such lists. From

the doctors' watch; others from Movado; Gruen; Cartier, with the Salvador Dali designs; and even Ingersoll's first Mickey Mouse watch, made in 1933.

Mickey Mouse crops up again in the third category because it is included in a list of "firsts" - Waltham's masonic, Cartier's mammoth digital and a whole list of watches which were revolutionary at their time.

Balfour talks about watches without great feeling for value:

Alan Forrest considers the qualities that stand the test of time

Patek Philippe, the 18 carat split-second chronograph, the 18 carat moonphase chronograph, the World Time and the moonphase chronograph; the Vacheron & Constantin 18 carat repeater; International Watch Company's Da Vinci; the Astrolabium from Ulysse Nardin; the Audemars Piguet self-winding rectangular; and Longines' Lindbergh Aviator."

The second category, according to Balfour, features those with unique designs. In this class he places watches from Jaeger LeCoultre; from Rolex; from Prince (which includes

"You can buy a Ford Sierra, or buy a Rolls Royce." By the Rolls Royce, of course, like most other experts he means a Patek Philippe. However, he also admires the gentlemanly elegance of a Dunhill.

Another valuable source of information is the magazine *International Wrist Watch*. John Innell, its publishing director, has just returned from the Basle Fair after producing the third UK issue of this bi-monthly. Innell talked about the present decline of the quartz watch. "I was talking to one of the leading quartz man-

ufacturers and he said that a lot of five-year-old quartz watches can't be repaired. The growth of the microchip revolution has been so fantastic. To repair some early quartz watches is like trying to recreate the steam engine."

The current issue of *International Wrist Watch* carries a special article on Omega celebrating 80 years of sports time-keeping, a wide range of features covering auctions, the Basle Fair, a look at Audemars Piguet's most famous model and some fascinating watches that keep your score on the golf course for you.

However, all the thunder in the classic watch market was stolen recently by Patek Philippe's Calibre '89, the record price of which is mentioned by William Dullforce in his report from Geneva (page XXII). Calibre '89 is said to be the most complicated watch in the world. It has taken a team of Patek's watchmakers over five years to design and its 1,728 parts four years to make. In 18 carat yellow gold, it is the first astronomical pocket watch to calculate the date of Easter, and it also incorporates a Gregorian calendar omitting the indication of the leap year for all century years that are not divisible by 400.

Prices pick up at the salerooms

care gold pair-cased quarter repeating watch made by John Gordon of London around 1780. "That will be fetch around £3,500," he said. "And a not very good 1920s Rolex will probably make more. It just doesn't make sense."

In his "other life" Price is an airline pilot, flying Boeing 757s here and there, and touching ground to concentrate on clocks and watches for Bonhams. This gives him a chance to look at the music of time internationally. Talking about tastes, he says: "The English, Italians and Americans are not very technically minded. They'd rather show off a wrist watch. To them, buying something just to put in a showcase at home is meaningless. The wrist watch is a big show of wealth, power and strength. But the

Germans and the Swiss are technically minded."

But in spite of all these horological divisions, the auction market is doing pretty well. Tina Millar of Sotheby's hosts "road shows": travelling round the country and abroad, inviting people to bring in their timepieces and get a free valuation. It is very much like the BBC television version, but it is strictly for business.

One couple walked into a UK roadshow with a Patek Philippe platinum moonphase calendar wrist watch made in 1935. According to Patek's records it was originally in a tonneau case. It stayed unsold in the Paris branch, was resold in platinum and sold at the end of 1935 for SF1,135. It was sold by Sotheby's in February for £280,000.

Sotheby's two-day sale in

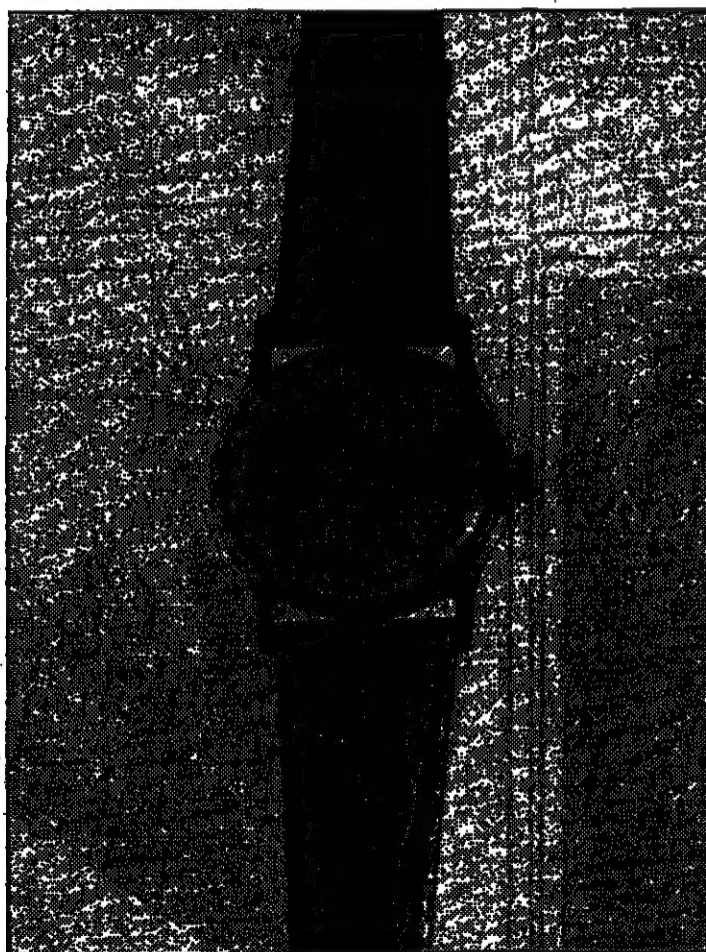
London next Thursday and Friday includes a range of women's wrist watches. Much is hoped for as women's watches have not been easy to sell in auction - probably because many were fashion pieces and fashions have changed.

Richard Garner at Christie's has his own views about what makes a watch collector. "It is difficult to categorise them. We say that people like doctors and dentists and architects go for the technical watches, yet the biggest collector I know of early decorative watches is a dentist."

All is busy at Christie's South Kensington, the company's offshoot in Brompton Road. Roger Lister took over the watches and clocks role there a couple of years ago and now all wrist watches sold at its London auctions are dealt with by South Ken. "We are going from strength to strength," says Lister. "Last year we put on nine sales and made £1.6m."

Alan Forrest

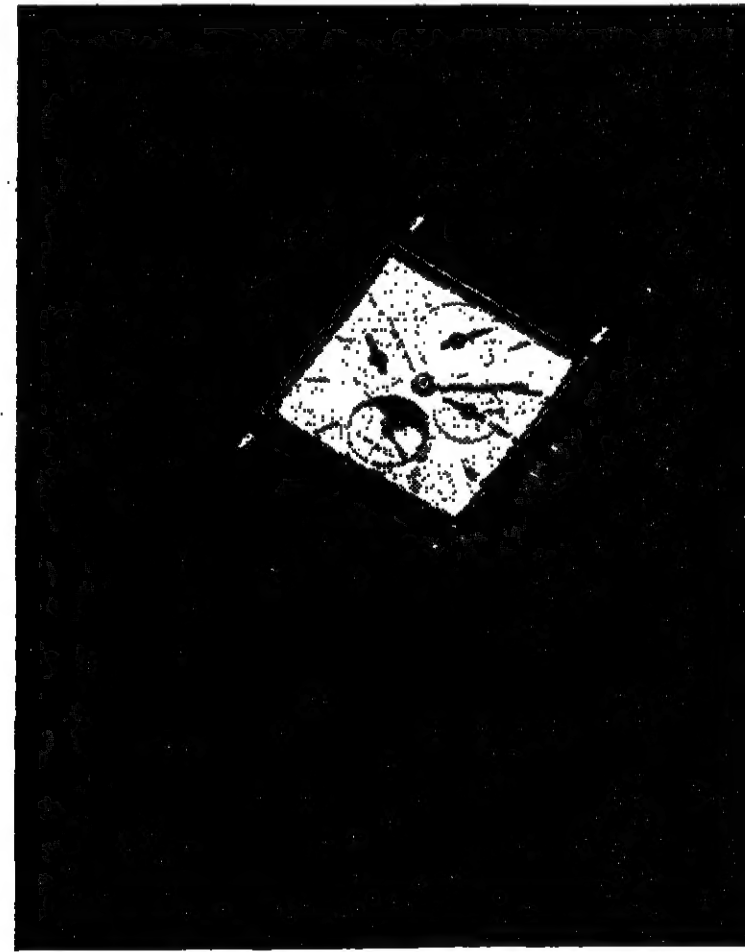
Clocks and Watches at Christie's



A gold perpetual calendar wristwatch with moonphase and unusual luminous 5-minute marks and hands. Signed Patek Philippe, Genève. No. 964559, c. 1949. Image enlarged. Estimate: £50,000-60,000. To be sold at Christie's South Kensington: 22 June 1990



A rare Charles II miniature bracket alarm timepiece in blued steel and gilded metal case numbered 23, by Thomas Tompion, London, 8 in. high. (20.4 cm.). Estimate: £250,000-300,000. To be sold at Christie's King Street: 4 July 1990



A rare 18 ct. gold square calendar wristwatch with moonphases. No. 56735 retailed by Cartier; signed Audemars Piguet, Cartier, 1940s. Image enlarged. Estimate: Sfr. 70,000-90,000. To be sold at Christie's Geneva: 16 May 1990

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CHRISTIE'S

CLOCKS, WATCHES AND JEWELLERY - A WEEKEND FT SPECIAL REPORT

Room for growth in a buyer's market

THERE IS no point in being alarmist - the British antique clock business ticks over quietly. While British pictures, silver and furniture have recently enjoyed (and suffered) great leaps in value, antique clocks remain a quiet backwater, a mystery, both in the sense of being a closed book to most potential buyers, and also a rather exclusive craft.

As Charles Lee of Ronald A. Lee, one of the top dealers, says: "There are two elements to clocks - the movement and the case," which means two hurdles for the potential collector to surmount. To become an expert you need both a taste for gadgetry plus a knowledge of furniture.

Many people would like to own a good antique clock but are baffled by the technicalities. This allows the dealers to dominate the field, although even they can sometimes be caught out by later tampering with the original mechanics. In addition, long case clocks grew to mammoth proportions and hardly fit comfortably into modern homes. And there is still the legacy of a speculative investment boom in clocks in the late 1970s which left many buyers disillusioned and ensures that there are clocks around which have yet to regain the prices of those halcyon days. As a natural consequence of these problems clocks remain under-appreciated - and cheap.



Régence striking and repeating bracket clock, circa 1720, estimated at £4,000 to £5,000 by Sotheby's

Prices for 18th century and 19th century long case clocks have hardly moved for years. You can still buy at auction a very good walnut long case, made in London by a respected maker, for less than £4,000, while a provincial clock of the period would be nearer £2,000, although their obvious cheapness has led to an increase in prices in the past year of up to 25 per cent. Of course your clock will probably need an expert overhaul which could add up to 2500 to the cost (the

salerooms will recommend repair specialists), but even so, when compared with furniture or pictures, a good clock is a beautiful, useful and potentially valuable addition to the home.

There are now signs that the market is picking up where it matters - at the top end. One maker dominates British clocks - Thomas Tompion, who in the late 17th century masterminded technological improvements inside attractive cases. In addition his workshop was very prolific, producing over 600 clocks, most of them named and numbered. Last summer Christie's held its best clock sale for 20 years and produced a record auction price for a British clock of £380,000, paid by Asprey for an unusual blond wood Tompion.

Since this auction there has been a steady flow of clocks by Tompion on to the market but demand has snapped them up. It is as if that coterie of very rich collectors of antiques, who buy by name rather than through knowledge, has suddenly decided: "I must have a Tompion." Sotheby's disposed of three in February at prices roughly twice its estimates and Christie's has four on offer in its July auction, including a small bracket clock in olive wood which could make well over £300,000. In the 1950s it sold for £4,000 and in the late 1970s for £21,000, which confirms that quality will out.

A yawning gap has opened between Tompion and other craftsmen from the great age of English clock making, roughly from 1680-1720. The trade is waiting, with profitable anticipation, to see what other names will regularly break the £100,000 barrier. A good clock by George Graham would certainly make that mark but he is very rare. Joseph Knibb is equally revered and Sotheby's has a walnut bracket clock by him, estimated modestly at up to £20,000, in its sale next Friday.

David Delander, who is appreciating rapidly and is included in Christie's July auction, while among the makers on Charles Lee's list are Henry Jones, Edward East, Jeremy Gregory and William Clement. Throw in Daniel Quare and Joseph Windmills and you have a strong band of contenders. Unfortunately, some produced only around half a dozen clocks that are known to have survived. Even so, watches by most of these makers can still be acquired for less than a pint by Hockney or a Victorian silver centrepiece.

Slowly the dominance of the dealers is weakening. A few years ago they would have acquired 90 per cent of the lots at the regular clock auctions held by Christie's, Sotheby's and Phillips; now it is nearer two thirds, as private buyers and dealers like Ronald A. Lee and Anthony Woodburn of Leigh, near Tunbridge, probably buy and sell, through their long term clients, clocks as important as any that pass under the hammer. At the bot-



Rare ormolu mounted, tortoiseshell column clock and calendar, circa 1670, estimated at £20,000 to £25,000 by Sotheby's

tom dealers buy clocks cheaply, repair them, and pass them on with much-needed guarantees. Apart from the Tompions there have been signs of price appreciation among Regency bracket clocks; skeletal clocks of the 1830s; huge late 19th century long case clocks; and small clocks of the mid and late 19th century. Buyers can afford to be choosy and there is a preference for the unusual; anything even slightly suspect is ignored. Prices, at least at auction, should be well under £5,000.

The start of a possible recession has not helped the clock market. But at least people like clocks and, ideally, would acquire, over time, a long case clock for the hall, a mantle clock for the living room, and a carriage clock for the bedroom. They are the heart beat of the house and are often the last object to be cashed in (which accounts for the paucity of good clocks on the market).

Collectors like their clocks to be practical as well as beautiful which helps to explain the most over-looked sector of all - clocks of the 16th and early 17th centuries. Sotheby's has a good example next week. It is a gilt metal tabernacle clock with an alarm, made in Augsburg around 1580. It is a charming, tiny (7 1/2 in high), historical treasure, finely engraved and crafted, curious, attractive, and, incidentally, it works. Yet it is estimated to sell for between £5,000 and £8,000. It obviously looks too much like a potential problem, but for anyone with vision it could be an inspired purchase.

Antony Thorncroft

Swiss fortunes rise again

SWISS watchmaking is enjoying a revival. The number and value of timepieces produced is expanding rapidly and the industry is scaling fresh heights of luxury and mechanical complexity.

It is successfully reviving classic designs of the 1930s at the same time as its quartz-driven plastic watches are entering realms of brash colour and pop art design never before linked with chronometry. Its output ranges from jeweller-crafted, gem-studded marvels, which incidentally keep accurate time, selling at SF1m (about £200,000) or more, to the SF150 (about £31) plastic Swatch, whose price has not varied for the past six years.

This multiplicity testifies to the current vitality of Swiss watchmaking and to its recovery from the sickly years of the 1970s and early '80s, when its artisan-based enterprises were on the verge of being smothered by Japanese manufacturers which had been quicker to exploit the possibilities of electronic timekeeping and the application of mass production methods.

Nevertheless, some prominent figures in the industry have started to warn against complacency. The shortage of skilled craftsmen is becoming increasingly acute. The present age level among watchmakers is relatively high. Employment was cut by more than one third between 1975 and 1983 and young people remember the crash when deciding on their careers. Craft schools are not turning out enough watchmakers, engravers, enamellers and goldsmiths.

Alain-Dominique Ferrin, chief executive of Cartier, which is setting up a new watchmaking factory in the Jura, complained recently that Swiss component makers, guilty of late deliveries, were not investing enough. The Japanese could quickly take advantage of any openings to produce for private labels such as Cartier and other fashion houses, he said. Even Swatch retailers complained last year about tardy supplies.

Prestigious watchmakers in Geneva have started to worry about the extremely high prices that their more exclusive products are fetching in auctions only a few months after their original sale - in some instances the price has trebled under the hammer.

This is regarded as an unhealthy development, stimulated by speculators rather than by genuine collectors. Criticism can also be heard about the prices being charged for some so-called luxury wrist watches, whose cases enclose cheap time-keeping parts bought from mass suppliers such as ETA, the movement manufacturing unit of SMH, the biggest Swiss group.

Inflated pricing could be blowing the business to bubble-breaking point, some watchmakers fear. However, scaremongering is muted and outweighed in most insiders' assessment of the short-term future by one remarkable new asset: the development over the past few



The top and bottom of the Swiss market: top, Patek Philippe's astronomical masterpiece, Calibre 89, the most complicated watch made. Below, one model from the Swatch range - more than 65m have been sold

years of promotion and marketing skills that the Swiss never possessed before. SMH's colourful, constantly renewed, costly but successful campaigns for the Swatch have led the brand.

For the time being at least Swiss watchmaking is riding on top of an extraordinary three-year surge in sales and earnings. Its current supremacy was in good evidence at last month's European Watchmaking and Jewellery Fair in Basel, the biggest annual event worldwide for the trade.

Swiss watchmakers' stands, admittedly on home ground, covered 10,512 square metres of space compared with the 3,665 square metres occupied by the Germans, the second-largest in number.

One of the most striking indications of regained Swiss confidence on display was Patek Philippe's astronomical masterpiece, Calibre 89. The most complicated watch ever made, weighing just over a kilogramme, it performs 33 horological functions, including showing the date for Easter for the next 29 years. The first model, made in yellow gold, was sold at auction in Geneva last year for SF1.5m (£1.3m); the second, in rose gold, shown in Basel is priced at SF1.75m (£1.5m).

A couple of figures illustrate the Swiss grip on the exclusive, high-quality end of the watch market. Of the esti-

mated 684m watches and movements sold worldwide last year only 13 per cent were made by Swiss, compared with 42 per cent of Japanese origin. But in value the Swiss timepieces accounted for 43 per cent of world trade, put at more than SF13bn.

Last year Swiss watch exports grew by almost 20 per cent to more than SF1.8bn. The most remarkable advance was made in the luxury camp: the value of exports to Japan climbed by 65.5 per cent to SF143m. Cartier, known for its ultra-thin watches and the conversion of US gold coins into timepieces, has been particularly successful on the Japanese market, where it sells 85 per cent of its output.

Cartier makes its watches at La Chaux-de-Fonds, one of several townships in the Jura hills which have been revitalised by the renaissance in Swiss mechanical watchmaking. It is said that about 600 houses have been repainted in La Chaux-de-Fonds over the last couple of years.

Other watchmaking towns which have benefited from the boom are Le Brassus in the Vallée de Joux, where Blancpain, a 150-year-old brand name under new ownership, has multiplied its sales by seven in six years with a promotion campaign promising that it will never, but never, make a quartz watch, and Saint-Imier, where Cartier plans to open its new factory in 1991.

Cartier and Cartier, each in its own way, illustrate the remarkable mutations in mar-

William Dullforce

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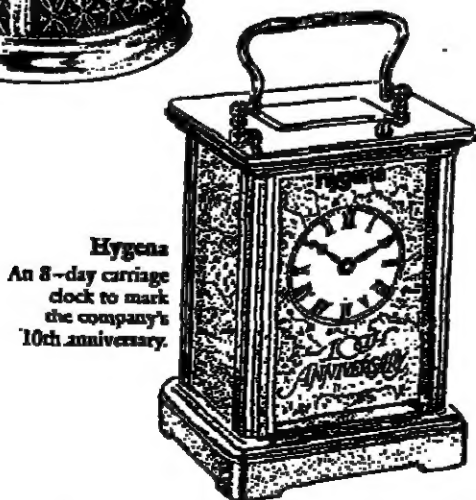
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CLOCKS, WATCHES AND JEWELLERY - A WEEKEND FT SPECIAL REPORT

Lucia van der Post reports on today's jewellery trends and reflects on the appeal of pieces past

Practical chic: new sparkle for the '90s

WHILE MOST of the UK's retail sector is looking very sickly, the jewellery business seems to go from strength to strength. In these egalitarian days, when there seems a dearth of kings and queens to initiate the grand engagements and weddings, the coronations and star-spangled balls that used to require a fine matching set with which to glitter the night away, one might have feared for the well-being of the grand jewellers. Worry not. From the Place Vendôme to Bond Street, the word is that the best are flourishing - although, true, times have changed and the fleet of foot are well aware that they must adapt with them.

The finest jewellers today seem a little like the grand couturiers. They are there to set standards, to display to the world what the finest and the best is all about. The *haute joaillerie* ranges are there so that those who have sold off a junk-bond company or two, who have a throne that needs adorning or a new kingdom to celebrate, can buy some jewellery to match the occasion. But they are also there to be the flagship that brings in its wake the smaller, less flamboyant sales that are what really keeps the business flourishing - just as almost every couture house in Paris loses money on its haute couture but needs to keep it going if it

is to sell the scarves, the perfumes, the ready-to-wear that trail in the clouds of glory gathered from the prestige and distinction of the haute couture.

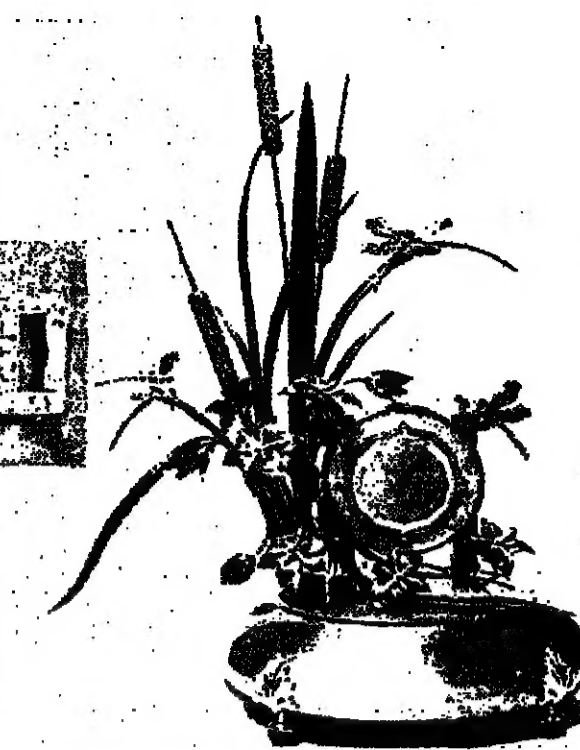
Most of the grand houses have realised that the top of the pyramid is narrow and that those who can afford the finest

that if they can catch the potential customer young, if they can lure him (and very often, these days, her) in with a beguiling little collection at around the £500 mark, then when there really is something big to celebrate, the token of affection, love, or respect may well be bought there, too.

of quality, made of inherently durable and valuable materials, but pieces that fit into her life.

The jeweller that can provide her with a simple, classic collection that brings a little sparkle to her ears, brightens up a dark working suit, or looks good worn to a board

ple, has produced a pearl stud that can be added to detachable drops in haematite, corneal, green agate or amethyst, giving a completely different look and colour to the earrings. Boucheron has a range called Multiples, based on very simple, classic shapes, which allows the wearer to change



The new, extraordinary Bullrush Mystery clock in 18 carat gold and silver with a floral and bullrush arrangement at the side, £285,000 from Kitchinsky's, 73 Brompton Road, London SW3

cult with the affluent younger generation.

Of the newer jewellers Theo Fennell, who has only been in business about six years, has already captured a large and fashionable set of customers. At his Fulham Road, London, shop or the branch in Harrods those looking for a present that doesn't break the bank could find a pair of gold cufflinks for from £225 a pair or, for her, a ring starting at £75 (three-gold Russian) or a good selection of ear-rings and brooches at under £1,000.

Garrard has recently introduced what it calls a "younger" range - One One Two - which has plain gold rings starting for as little as £250 a time. At Cartier, where the Les Must Range has long been aimed at the younger, less affluent customer, they believe deeply that they need a broader base of customer. To this end they will be opening a new store in Sloane Street later in the year which they believe is now the street for the younger, highly fashion-orientated woman. There there will always be a good range of pieces at between £500 and £5,000.

Though there will always be a market for the truly magnificent pieces - for one-offs like Kitchinsky's extraordinary Bullrush Mystery clock (in 18 carat gold and silver with a floral and bullrush arrangement at the side, £285,000 should you feel you really must have it) - from now on most of the jewellers have realised that to greet the 1990s they need to address the tastes and purses of the ever-growing ranks of the affluent but not the truly rich. It's going to be interesting to see what they come up with.

The old diamond and emerald strap bracelet, made around 1925 and estimated by Phillips at £250,000 to £70,000

pieces and the highest prices are few - to survive into the '90s and beyond they have to appeal to a broader market. In other words, they need to look beyond the seriously rich to the merely well-heeled.

Many of them started by diversifying in almost the same way as the couturiers - that is, they have produced ranges of watches, of perfumes, of scarves, pens, wallets and all the other *fol-de-rols*. But they have also realised

So, go into Cartier or Boucheron, into Garrard or Mappin & Webb, and while you will certainly find a few eye-catching stones in the windows and in the show cases, lying beside them will be plenty of more wearable, everyday pieces that you don't need a kingdom to afford.

Grand balls may be thin on the ground but every working woman these days wears jewellery. She may have started off wearing costume jewellery, but chances are she has got tired of pieces that fall apart, and of paying increasingly high prices for materials of no intrinsic value. The go-getting '80s brought a highly developed instinct for investment and value to the whole consumer world, and what the high-earning professional woman seems to want these days are pieces

meeting in the morning as well as to dinner at night, is on to a winner. Her way of life is completely different from that of the leisureed, affluent woman of the turn of the century. Night-long balls and sumptuous banquets do not figure much in her diary. Her life-style tends to be busy, high-pressure but informal. Glittering sets of jewels to stun a maharajah would only push her insurance payments up. No, what she needs are versatile, practical but quietly glamorous pieces.

Though the grand jewellers have already tried to lure this new young customer, many of the independent designers - like Jane Allen, Leo de Vroomen, David Morris, Kiki McDonough - have produced very versatile pieces that can be worn from dawn to dusk. Kiki McDonough, for exam-

the look and colour of the piece by adding and subtracting inserts in lapis lazuli, coral, silver, gold, onyx, tiger's eye, leopardwood and the like. Ingenuity and versatility mean that a few pieces can work hard for their money and don't cost a fortune. Bulgari, the internationally sought-after Roman jeweller, much loved of the jet-set, has also introduced what it calls its "affordable" range which in financial terms seems to me anything under £5,000. However, for something like £1,000 you could buy a ring or a pair of earrings with the distinctive Bulgari look and for £3,000 you could buy a necklace or bracelet.

Affordable and classic may sound a little severe, as if it lacks the other important function of jewellery - fun.

In search of golden oldies

COLLECTING antique jewellery is not for everybody. You need to invest time, emotion and energy into the whole exercise if it is really to be rewarding.

However, according to Mary Fielden, Christie's expert on antique jewellery, once a customer becomes interested in antique jewellery, they tend to be hooked.

The charms of antique jewellery are quieter and more sub-

tle than the glittery come-on of the modern up-market jewellers. It leads people into interesting byways of knowledge, and often those who start knowing very little about the subject go on to develop a keen interest and tastes of their own.

Interest in antique jewellery has always been strong, for many reasons. When you buy a piece that was made many years ago you are paying for

its antiquity but not for the labour - which has long since been forgotten and smothered over countless transactions. The finest of fine antique jewellery couldn't be repeated today at comparable prices - as with the finest clothes and furniture, few craftsmen make to those standards or put in those kind of hours any more.

But the real charm of antique-hunting is that you never know quite what you are going to find. Someday, somewhere you just might come upon an undiscovered beauty, a piece that only YOU have the eye, wit and taste to appreciate. It's unlikely, but you never know... therein lies much of the fun of the chase.

Most antique dealers say that the things that are holding up best and selling well are the very finest pieces, the things with a "name."

One dealer in London's Conduit Street, N. Bloom, reports that items over £5,000 and £10,000 will sell better than the cheaper items. He also reports a huge interest in Imperial Russian pieces and in the best of the turn of the century and Art Nouveau.

People, he finds, would rather pay more and have the best and they like the security of a signed piece: Van Cleef, Cartier, Boucheron et al. Most of his customers are looking for something with personality and distinction - nothing too small, discreet or anonymous.

For those wanting to start collecting antique jewellery, Mary Fielden says a good place to start is in one of the smaller, less grand salerooms, such as Christie's South Kensington or one of the provincial salerooms.

Read the catalogues. Go to the previews and get to know the resident expert. Ask if a particular piece seems good value, is a good example of its kind and what kind of price it is sensible to offer. That's what the experts are there for, and none of them should mind. Once you get to know your own tastes and the work of different designers, then you will be able to judge for yourself just what a piece should be worth.

Current favourites are still the revivalist-style pieces by Giuliano and Castellani, but they have now been so sought-after for so long that you will not get away with paying anything less than the market price. This is not helped by the fact that the Japanese are particularly attracted by these two designers and so prices have been pushed even higher.

The Japanese are a new market to most of the auction houses and once they enter a market they tend to do it in a serious way.

Their other interest at the moment seems to centre on Haichemque pieces and they are much attracted by coloured stone jewellery. Small investors looking for pieces to buy personally would be wise to direct their tastes in other directions!

Not easy to find but also sought-after and likely to be a good long-term investment are pieces by Robert Phillips and John Brogden, who were English designers working at much the same time as Castellani and Giuliano. They, too, were working in revivalist mode and most of their pieces have Etruscan or Greek and Roman influences.

Good signed pieces are always popular and the grand names, like Boucheron and Cartier, Lalique and Fabergé, normally command huge sums at auction. But Michael Hall of Bonhams reports that there is rather more Fabergé about than usual at this moment, and you could find a small, simple silver egg for as little as £500. A rather more elaborate and finely-made one in good condition would fetch about £1,500.

However, those with under £1,000 to spend could still find plenty of antique jewellery that they could wear with much pleasure - for example a little bar brooch, some nice Etruscan-style earrings or a cluster ring.

Anybody who has had a windfall of £5,000 or so is spoiled for choice. They will be able to look at pieces that are not only well-made but also made of intrinsically more precious materials, possibly featuring precious stones. Regency jewellery, rich, glowing, naturalistic, is another period well worth looking at.

Edwardian Deco is still very popular and is still appreciating in value. You could probably still find at auction an antique diamond cluster ring for about £500, though something like a splendid Edwardian sapphire (a long necklace) would probably cost anything between £20,000 and £30,000.

A really important Art Deco piece - such as the circa 1930 diamond and emerald bracelet coming up in Bonhams' May 15 sale - is likely to fetch anything between £50,000 and £70,000.

All the auction houses regularly hold jewellery sales - Sotheby's as well as Christie's, Bonhams as well as Phillips - so those wanting to embark on the adventure of buying antique jewellery for themselves could start by sending off for their catalogues and getting to know some of the experts and what prices pieces normally attract. Alternatively there are lots of dealers - in London people like N. Bloom, Richard Owen, Nigel Milne, Boodle & Dunthorne - who love jewellery and are only too anxious to help the novice buyer learn and develop their own taste.

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101, 103 & 105, 107, 109, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, 443, 445, 447, 449, 451, 453, 455, 457, 459, 461, 463, 465, 467, 469, 471, 473, 475, 477, 479, 481, 483, 485, 487, 489, 491, 493, 495, 497, 499, 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SPORT

A YEAR is a long time in rugby football: long enough for the International Board to have again fudged the professionalisation issue; for the Home Unions to have failed adequately to tackle the problem of violence; for the game in Wales to have plumbed new depths, and for the best England side for at least 10 years to have had the Grand Slam snatched from their grasp.

There are other clouds on the horizon. The County Championships, which meant so much in areas such as the north and south west of England, looks to be on its last legs, and the great Barbarian club, which once held the equivalent of international status, is finding trouble attracting top players.

The club game is now paramount, thanks largely to the highly successful Courage Leagues in England, the McEwens Leagues in Scotland and the advent (long overdue) of a similar structure in Wales. On the heels of the leagues are the club cup competitions where Gloucester will still be snatching from last week's League championship reverse. Indeed, the neutral observer might feel more drawn to the Neath-Bridgend match at Cardiff.

The trouble with a success of club as opposed to representative rugby, is that its focus is too narrow. Unless you come from south west England it is difficult to get excited about today's potentially dull events at Twickenham where Gloucester will still be snatching from last week's League championship reverse. Indeed, the neutral observer might feel more drawn to the Neath-Bridgend match at Cardiff.

Rugby's administrators, ever ones for decisiveness, have not next season to ensure that the top club players are not asked to play too much rugby. That has long been the case in Wales, where more than 50 club matches a season are not uncommon, and it has taken its toll.

They need also to settle, once for all, the debate about paying leading players. So much is now demanded of a player that there can be no alternative to direct payment - which goes on anyway. But a move would help to retain many fine players, especially in Wales.

Rugby's law-makers need also to tackle firmly and not rely on the likes of referee Fred Howard the problem of violence on the pitch. Howard has set an example this season to all perpetrators of foul play: they must be sent immediately



Welsh captain Robert Jones takes the ball forward - but Wales went backward during the season

Clouds on the horizon

John Kitching looks back on this season's rugby

from the field, and even more important, they must be banned for long periods, if not for ever, by the administrators.

There has been much that is unsatisfactory in the last year. But there have been many good and surprising aspects, both joyful and sad.

The season began with Fiji's visit to Scotland and England. What should have been enjoyable occasions turned sour.

Fiji's display of petulance and misdirected aggression against England was most upsetting. But, in the midst of this idiosyncrasy, we saw some superb running from England's centre Jeremy Guscott, who became the first to break through the Fiji defence.

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In November the mighty All Blacks visited Ireland and Wales, and showed that although many of their names were unfamiliar, their skills were not. Wales, you might have expected, would have learned from their visit. But when it came to the Five Nations Championship, they showed that they had not.

An excellent England team could and should have carried all before them, but they fell in the end to a Scotland side which did a superb job of closing them down. David Sole, perhaps the outstanding Five Nations forward of the year, led the Scots with a steady determination. It was perhaps surprising that they wanted the Grand Slam even more than England, whose sheer class is not in doubt. Rob Andrew at last confirmed himself as the best fly half in the northern hemisphere and Brian Moore, the irrepressible and inspirational hooker, became a forward of world class.

There was little comfort for either Wales or Ireland. For

Wales the season was a disaster. For Ireland, where rugby is only third or fourth after such sports as hurling and Gaelic football, the situation was, as someone said, desperate, but not serious.

Robert Jones, the best scrum half in the world, led Wales to their first championship whitewash. He said afterwards, among other things, that he was bitterly disappointed. A understatement, if ever there was.

The end of the season, so often, has been tinged with sadness. Two great servants of the game, both back backs, are retiring. Floyd Steadman, who several years ago I watched regularly at scrum half for Saracens, is bowing out after 10 years in the first-class game. He never got an international cap, but he did become a Barbarian. He was a fine player and a great sport.

The other man got 12 international caps, but should have had a bucket-load more. Les Cusworth, that bald wizard of

a Leicester fly half, has finally retired. I am proud that I once played against him, about 20 years ago, when he still had hair. If I had a memory I am sure that I would be able to tell you that, even as a Yorkshire schoolboy, he had class written all over him. It is one of the many scandals of modern rugby that he received such scant recognition. Welford Road, Leicester, will be a little less magical without him.

And so to next season, to the delicious prospect of the Underwood brothers occupying both England wing positions as their side finally wins the Grand Slam, to the demise of Jacques Fouroux, and the resurgence of French rugby from the heavyweights wilderness, and to the restoration of at least some Welsh pride.

Next year Britain stages the World Cup and we shall discover then whether southern hemisphere dominance is still a fact of rugby life. Training starts 7 p.m. July 24. See you there.

It looks all over barring shipwreck

Keith Wheatley hails Steinlager, the Kiwi yacht

SENTIMENT is an enormous part of sport's appeal. In sport, underdog Jack can break free with one bound and win the tournament with an electrifying putt, the match with a last-minute goal or the race with a defiant tactical gamble.

Lawrie Smith's gambles have been so successful throughout his sailing career that they have drifted almost from defiance to seeming the norm. Yet even Smith, skipper of the British yacht *Rothmans*, has admitted that winning the Whitbread round the world race is now beyond his boat's capacities.

As so often happens, the bleak statistical view of the book is washed away by sentiment. We closed our book on the Whitbread on October 27 last year. Steinlager was so far ahead, it had become a non-competitive race in our view," said Ladbroke's spokesman, Graham Stuart-Rose.

They were right. The big, red New Zealand ketch, skippered by archetypal Kiwi Peter Blake, has been first into every one of the five ports so far visited by the fleet. Today, the 23 yachts leave Fort Lauderdale in western Florida for the sixth and final leg back to Southampton.

Steinlager has a cushion over her rivals of nearly two days. All Blake needs to do is sail the 2,837 miles separating him from the Solent in a mode of cautious haste. He has the fastest boat in the fleet. Providing the mast doesn't come down or the crew succumb to scurvy, the Whitbread trophy is in the bag. Fisher & Paykel, the other Kiwi ketch, should come second.

The real knock-down fight will be for third place between *Rothmans* and *Mxit*, skippered by Swiss helmsman Pierre Fehlmann (winner of the 1985-86 race). After 30,000 miles of racing, *Mxit* is just eight hours ahead of the British. Much of the time, the two have raced within sight of one another. After 7,000 miles from South America to Western Australia, *Rothmans* beat *Mxit* into second place by 26 hours.

"The two boats are so equal that it could all come down to the tides in the Channel," com-

mented Smith. "If we get the right side of a tidal gate at Portland Bill and Fehlmann's *stuck*, that could settle it." The leading boats are expected into Southampton around May 17-19.

Possibly the loudest cheers will, however, be reserved for Tracy Edwards and her all-woman crew aboard *Maiden*. It seems extraordinary that only two years ago the bulk of the sailing establishment doubted that women were capable of competing in the Whitbread. At present, they are second in the small-boat class, 41 hours behind the French yacht *Esprit de Liberte*. Yet, on several legs Edwards has led the class, notably into Fremantle. If it had not been for *Mxit*, Steinlager look a little feeble.

No fault attaches to individuals; it is inherent in the designs. The IOR produces boats most suitable for short inshore racing with a good deal of upwind sailing. These shapes do not lend themselves to surfing down 40ft waves in the Southern Ocean. The modern off-shore yachts for the Globe and BOC races are light, mainly because they are water-balanced.

When the skipper needs to counter-balance the heel of his yacht, he pumps water into tanks on the windward side. Otherwise, the boat is kept right.

Whitbread organisers have already said that they will be a sixth IOR class in the next race. They have, however, also stipulated that there will continue to be a "flagship" class for IOR maxis. Whitbread claims that this is to protect the financial interests of owners and sponsors who have made considerable investments in these boats. This is delusion.

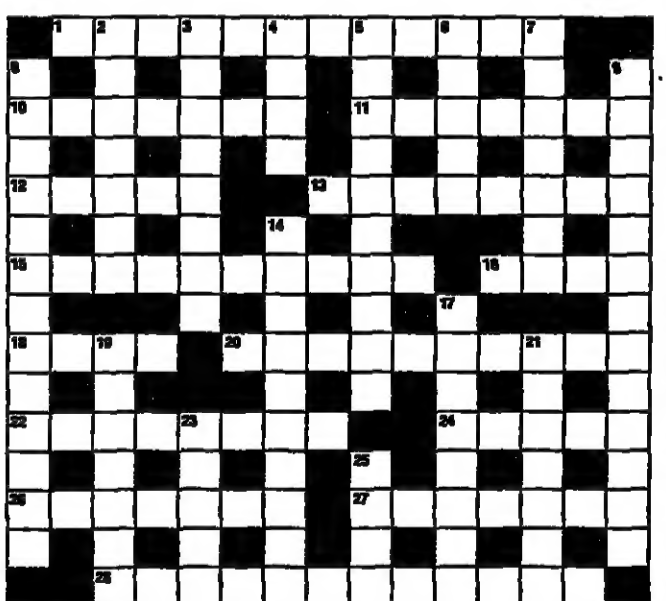
Even Steinlager - about to be sold to Italian financier Giorgio Napolitano for enough hire to buy a nice little farm on the coast of Sicily - is worthwile in the waters of the 1994 race. "Hot" skippers and sponsors will always build new - in chocolate, to Marjorie rules - if that is what it takes to win.

They want a high-tech, state-of-the-art 60-footer for the next race, and they will argue to 50 per cent heavier than they need be.

"It isn't natural somehow for

CROSSWORD

No. 7231 Set by DINMUTZ
Prizes of £10 each for the first five correct solutions. Solutions to be received by Wednesday May 16, marked Crossword 7231 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday May 19.



- ACROSS
- 1 But was The Magnet printed on it? (7)
 - 10 He takes stock of others? (7)
 - 11 Complex grid to put painter in office? (7)
 - 12 Young man in a small branch? (5)
 - 13 Tied to a line - that is the limit? (6)
 - 14 Muscular condition hurts me - aim revised (10)
 - 16 Funds taken from chapel funds? (4)
 - 18 Two-master prison? (4)
 - 20 Bad-tempered person in bridge plot (10)
 - 22 Nouns avow faint? Somehow, that's wicked (8)
 - 24 Mimic, in the fifties, had stuff turned back (7)
 - 26 Olympic finalists on sort of green blanket? (7)
 - 27 Cricket-side play for space in saloon, say (3-4)
 - 28 Clipper could be sharp - see here! (5-7)
- DOWN
- 2 Jungle book? (7)
 - 3 Women entirely willing in sport at Eton (4,4)
 - 4 A run in New York is not one in the country (4)
 - 5 Bias of journalists about boy of policemen? (10)
 - 6 Fair even, contracted to spruce up (5)
 - 7 Go over lines of English hauler, reversing? (7)
 - 8 Impressions often made in church? (5-8)
 - 9 Nightingale, to fly, had ample constitution (4,2,4)
 - 14 Tot up? (7,3)
 - 17 A game soldier with a written defence (8)
 - 19 Flat Ann makes are little ones? (7)

Solution and winners of Puzzle No. 7,219

BEACHHEAD GROUP
OCEANIC
STYRENE POLYMER
METHACRYLATE
POLYESTER
POLYURETHANE
POLYCARBONATE
POLYETHYLENE
POLYPROPYLENE
POLYVINYL CHLORIDE
POLYISOPRENE
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POLYACRYLONITRILE
POLYACETALDEHYDE
POLYFORMALDEHYDE

TELEVISION & RADIO

SATURDAY

- Television programmes in black and white
- BBC1**
7.30 pm Playhouse. 7.50 The Muppet Show. 8.15 The 4.15 from Manchester. 8.25 Film: "The Long Walk Home". 8.45 The 10.15 from Manchester. 9.05 The 10.15 from Manchester. 9.25 The 10.15 from Manchester. 9.45 The 10.15 from Manchester. 10.05 The 10.15 from Manchester. 10.25 The 10.15 from Manchester. 10.45 The 10.15 from Manchester. 11.05 The 10.15 from Manchester. 11.25 The 10.15 from Manchester. 11.45 The 10.15 from Manchester. 12.05 The 10.15 from Manchester. 12.25 The 10.15 from Manchester. 12.45 The 10.15 from Manchester. 1.05 The 10.15 from Manchester. 1.25 The 10.15 from Manchester. 1.45 The 10.15 from Manchester. 2.05 The 10.15 from Manchester. 2.25 The 10.15 from Manchester. 2.45 The 10.15 from Manchester. 3.05 The 10.15 from Manchester. 3.25 The 10.15 from Manchester. 3.45 The 10.15 from Manchester. 4.05 The 10.15 from Manchester. 4.25 The 10.15 from Manchester. 4.45 The 10.15 from Manchester. 5.05 The 10.15 from Manchester. 5.25 The 10.15 from Manchester. 5.45 The 10.15 from 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